

*Interim Financial statements of*

**CANADIAN INTERNATIONAL MINERALS INC.**

**For The Six Months Ended SEPTEMBER 30, 2008**

**The accompany unaudited interim financial statement of Canadian International Minerals Inc. for the six months ended September 30, 2007 have been prepared by the management and approved by the Broad of Directors of the Company. These statements have not been reviewed by the independent auditor of the Company.**

**CANADIAN INTERNATIONAL MINERALS INC.**  
**INTERIM BALANCE SHEETS**  
**AS AT**

EXPRESSED IN CANADIAN DOLLARS

	<b>September 30 2008 (Unaudited)</b>	<b>March 31, 2008 (Audited)</b>
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**ASSETS**

**Current Assets**

Cash and Equivalents	\$ 482,244	\$ 2,213
GST Receivables	11,750	7,685
Prepaid Expenses	-	32,867

	493,994	42,765
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**Mineral Properties (Note 4)**

	138,847	46,997
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	\$ 632,841	\$ 89,762
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**LIABILITIES**

**Current Liabilities**

Accounts Payable and Accrued Liabilities	\$ 12,453	\$ 36,020
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**SHARE CAPITAL AND DEFICIT**

**Share Capital (Note 5 (b))**

	1,080,692	344,695
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**Deficit**

	(460,304)	(290,953)
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	620,391	53,742
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	\$ 632,841	\$ 89,762
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\*The accompanying notes are an integral part of these interim financial statements

On Behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**CANADIAN INTERNATIONAL MINERALS INC.**  
**INTERIM STATEMENTS OF OPERATIONS AND DEFICIT**  
**FOR THE PERIOD**

UNAUDITED AND PREPARED BY MANAGEMENT EXPRESSED IN CANADIAN DOLLARS	<b>Three Month Ended September 30</b>		Six Months Ended September 30	
	2008	2007	2008	2007
<b>Expenses</b>				
Accounting and Legal	21,123	\$ 10,802	50,991	\$ 14,127
Bank Charges and Interest	167	62	226	174
Conference and Meeting	299	219	299	544
Consulting and Management	33,610	15,720	59,611	33,400
Dues and Filing	830	150	9,129	150
Office and Miscellaneous	12,590	2,076	14,976	2,645
Rent	-	1,500	1,500	3,000
Travel	5,946	7,547	5,946	8,497
Transfer fees	2,987		2,987	
Sponsor	-		25,000	
<b>Loss Before Other Items</b>	<b>77,552</b>	<b>( 38,076)</b>	<b>170,665</b>	<b>( 62,537)</b>
<b>Other Items</b>				
Interest Revenue	955	727	1,314	1,664
Written off of Mineral Properties (Note 4)	-	-	-	( 6,000)
<b>Gain (Loss) Due to Other Items</b>	<b>955</b>	<b>727</b>	<b>1,314</b>	<b>( 4,336)</b>
<b>Loss for the Period</b>	<b>(76,597)</b>	<b>( 37,349)</b>	<b>(169,351)</b>	<b>( 66,873)</b>
<b>Deficit, Beginning of Period</b>	<b>(383,707)</b>	<b>( 179,030)</b>	<b>(290,953)</b>	<b>( 149,506)</b>
<b>Deficit, End of Period</b>	<b>(460,304)</b>	<b>( 216,379)</b>	<b>(460,304)</b>	<b>( 216,379)</b>
<b>Loss Per Share</b>	<b>0.01</b>	<b>0.01</b>	<b>0.02</b>	<b>0.01</b>
<b>Weighted Average of Shares Outstanding</b>	<b>7,221,210</b>	<b>3,485,001</b>	<b>7,221,210</b>	<b>3,485,001</b>

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

**CANADIAN INTERNATIONAL MINERALS INC.**  
**INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD**

UNAUDITED AND PREPARED BY MANAGEMENT	Three Month Ended September 30		Six Months Ended September 30	
EXPRESSED IN CANADIAN DOLLARS	2008	2007	2008	2007
<b>Cash Provided by (Used for)</b>				
<b>Cash Flows from Operating Activities</b>				
Loss For The Year	(76,597)	\$ ( 37,349)	\$ (169,351)	\$ ( 66,873)
Changes in Item not involving cash:				
Written off of Mineral Properties		-		6,000
Changes in Non-Cash Working Capital Items:				
Increase in GST Receivable	(492)	( 1,105)	(4,065)	( 2,108)
Increase in Prepaid Expenses	14,867	159	32,867	( 14,777)
Decrease/Increase in Advances	-	1,382	-	( 1,118)
Increase in Accounts Payable and Accrued Liabilities	800	8,691	(23,567)	10,116
	<b>(61,422)</b>	<b>( 28,222)</b>	<b>(164,116)</b>	<b>( 68,760)</b>
<b>Cash Flows from Investing Activity</b>				
Expenditures on Mineral Properties	(89,557)	-	(91,850)	( 4,302)
	<b>(89,557)</b>	<b>-</b>	<b>(91,850)</b>	<b>( 4,302)</b>
<b>Cash Flows from Financing Activity</b>				
Proceeds from Issuance of Common Shares	-	-	736,000	-
	<b>-</b>	<b>-</b>	<b>736,000</b>	<b>-</b>
<b>Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(150,979)</b>	<b>( 28,222)</b>	<b>482,244</b>	<b>( 73,062)</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>633,223</b>	<b>118,251</b>	<b>2,210</b>	<b>163,091</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>482,244</b>	<b>90,029</b>	<b>482,244</b>	<b>90,029</b>

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

**CANADIAN INTERNATIONAL MINERALS INC.  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

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**1. NATURE OF OPERATIONS**

The Company was incorporated on March 2, 2006 under the Company Act of British Columbia. Its principal business activity is the exploration of mineral property interests.

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

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

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	<b>As At September 30, 2008</b>	<b>As at March 31, 2008</b>
Deficit	<b>\$ (460,304)</b>	\$ (290,953)
Working capital	<b>481,541</b>	6,745

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**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies adopted by the Company are as follows:

**Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

**Cash and cash equivalents**

Cash is comprised of cash on hand and funds in bank accounts integral to the Company's cash management. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**Mineral properties**

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

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Asset retirement obligations**

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company does not have any significant asset retirement obligations.

### **Stock-based compensation**

In connection with incentive stock options granted by the Company to its officers, directors, employees and consultants, an expense is recognized over the vesting period based on the estimated fair value of the option on the date of the grant as determined using the Black-Scholes option pricing model. The expense is charged to stock-based compensation and the offset is credited to share capital. Cash received on exercise of incentive stock options is credited to the then issued and outstanding capital stock of the Company.

### **Income taxes**

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

### **Loss per share**

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, this calculation proved to be anti-dilutive.

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

## **3. FINANCIAL INSTRUMENTS**

**CANADIAN INTERNATIONAL MINERALS INC.  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

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The Company's financial instruments consist of cash and cash equivalents, GST receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value.

**4. MINERAL PROPERTIES**

The Company's mineral properties consist of:

	Acquisition Costs	Exploration Costs	Total
Copper Mountain Properties, British Columbia, Canada			
Balance as at March 31, 2008	\$ 10,505	\$ 36,492	\$ 46,997
	80,364	11,486	91,850
Balance as at September 30, 2008	\$ 91,869	\$ 47,978	\$ 138,847

**Title to mineral properties**

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

**Copper Mountain Properties, British Columbia, Canada**

During the year ended March 31, 2007, the Company entered into agreements with Michael Schuss, CEO of the Company, and Larry Sostad, shareholder of the Company, to acquire a 100% interest in the Copper Mountain Properties. Pursuant to the agreement, the Company earned its 100% interest by paying \$16,000 and incurring exploration expenditures totaling \$30,323.

During the six months period ended September 30, 2007, \$6,000 previously paid to Larry Ralph Sostad for the acquisition of two (2) claims was written off and recognized against the earnings.

**5. SHARE CAPITAL**

**CANADIAN INTERNATIONAL MINERALS INC.  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

**a) Authorized:**

Unlimited common shares, no par value

**b) Issued and Outstanding:**

	Number of Shares	Share Capital
Authorized		
Unlimited common shares, no par value		
Balance, March 31, 2008	6,430,001	344,695
IPO Shares issued	4,000,000	800,000
Agent's commission		(64,000)
Balance, September 30, 2008	10,430,001	\$ 1,080,695

During the period the Company issued by Public Offering, 4,000,000 common shares at \$0.20 per share for total proceeds of \$800,000 less agent's commission of 8% on the gross proceeds netting the Company \$736,000. The proceeds were received prior to the year end.

**6. RELATED PARTY TRANSACTIONS**

The Company paid or accrued the following amount to related parties during the period as follows:

		September 30, 2008	March 31, 2008
Type of transaction	Nature of relationship		
Rent	To a company controlled by a director	\$ 1,500	\$ 6,000
Consulting and management fees	To directors and companies directly controlled by officers and directors	27,990	\$ 2,800

For the 2007 fiscal year, as consideration for the acquisition of the mineral claims on the Property, the Company paid \$10,000 to an officer and a director of the Company. The acquisition cost of the mineral claims consisted approximately \$1,750 in staking costs.

The above related party transaction was in the normal course of operations, occurring on terms and conditions that are similar to those of transactions with unrelated parties and, therefore, are measured at the exchange amount.

**7. CONTINGENT LIABILITIES**

The Company's mineral properties are affected by the laws and regulations concerning environmental protection that exist in the various jurisdictions. It is not possible to estimate the future impact on operating results, if any, as a result of future regulations or developments.