

COPPER CANYON RESOURCES LTD.
(A Development Stage Corporation)
FINANCIAL STATEMENTS

for the year ended December 31, 2007 and
the period from incorporation on June 15, 2006 to December 31, 2006

Auditors' Report

To the Shareholders of
Copper Canyon Resources Ltd.
(A Development Stage Corporation):

We have audited the balance sheets of Copper Canyon Resources Ltd. as at December 31, 2007 and 2006 and the statements of operations and deficit, and accumulated other comprehensive loss and cash flows for the year ended December 31, 2007 and the period from incorporation on June 15, 2006 to December 31, 2006 and the statement of comprehensive loss for the year ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the year ended December 31, 2007 and the period from incorporation on June 15, 2006 to December 31, 2006 in accordance with Canadian generally accepted accounting principles.

/s/ Deloitte & Touche LLP

Calgary, Alberta
April 9, 2008

Chartered Accountants

Copper Canyon Resources Ltd.
(A Development Stage Corporation)
Balance Sheets

As at December 31	2007	2006
Assets		
Current		
Cash and cash equivalents	\$ 1,339,776	\$ 119,861
Accounts receivable	12,215	20,014
	1,351,991	139,875
Investments (Note 3)	518,999	-
Mineral exploration properties (Note 4)	216,538	759,957
	\$ 2,087,528	\$ 899,832

Liabilities and Shareholders' Equity

Current		
Accounts payable and accrued liabilities	\$ 62,900	\$ 36,850
Due to related company (Note 7)	83,811	-
Income taxes payable	99,098	-
	245,809	36,850
Future income tax (Note 9)	-	72,425
	245,809	109,275
Shareholders' equity		
Share capital (Note 5)	1,894,957	872,516
Warrants (Note 5)	534,249	-
Contributed surplus (Note 5)	1,129,476	42,705
Accumulated other comprehensive loss	(563,851)	-
Deficit	(1,153,112)	(124,664)
	1,841,719	790,557
	\$ 2,087,528	\$ 899,832

Commitments and contingencies (Note 8)

Subsequent events (Note 10)

On behalf of the Board:

"Timothy J Termuende" Director
 Mr. Timothy J. Termuende

"Glen J Diduck" Director
 Mr. Glen J. Diduck

Copper Canyon Resources Ltd.
(A Development Stage Corporation)
Statements of Operations and Deficit and
Accumulated Other Comprehensive Loss

	For the year ended December 31, 2007	From incorporation on June 15, 2006 to December 31, 2006
Expenses		
Administration costs	\$ 163,918	\$ 125,504
Trade shows, travel and promotion	273,351	11,658
Stock compensation expense	1,088,667	-
Public company costs	50,626	15,290
Professional fees	87,654	43,416
Loss before other items	1,664,216	195,868
Other items		
Interest and other income	(12,140)	(2,172)
Option proceeds in excess of carrying value (Note 4)	(661,444)	-
Loss on sale of investments	4,600	-
	(668,984)	(2,172)
Loss before income taxes	995,232	193,696
Income tax expense	99,098	-
Future income tax recovery	(65,882)	(69,032)
Net loss for the year	1,028,448	124,664
Deficit, beginning of year	124,664	-
Deficit, end of year	\$ 1,153,112	\$ 124,664
Accumulated other comprehensive loss	563,851	-
Accumulated other comprehensive loss and deficit	\$ 1,716,963	\$ 124,664
Net loss per share – basic and diluted (Note 6)	\$ 0.0211	\$ 0.0030

Copper Canyon Resources Ltd.
(A Development Stage Corporation)
Statement of Comprehensive Loss

For the year ended December 31

2007

Net loss	<u>\$ 1,028,448</u>
Other comprehensive loss	
Unrealized loss on investments (Note 3)	<u>563,851</u>
Comprehensive loss	<u>\$ 1,592,299</u>

Copper Canyon Resources Ltd.
(A Development Stage Corporation)
Statements of Cash Flows

	For the year ended December 31, 2007	From incorporation on June 15, 2006 to December 31, 2006
Cash flows from operating activities		
Net loss for the year	\$ (1,028,448)	\$ (124,664)
Adjustments for :		
Stock compensation	1,088,667	-
Loss on sale of investments	4,600	-
Option proceeds in excess of carrying value	(661,444)	-
Future income tax recovery	(65,882)	(69,032)
	<u>(662,507)</u>	<u>(193,696)</u>
 Changes in non-cash working capital items		
Decrease (increase) in accounts receivable	7,800	(20,014)
Increase in due to related party	83,811	-
Increase in accounts payable and accrued liabilities	125,147	36,850
	<u>(445,749)</u>	<u>(176,860)</u>
 Cash flows from financing activities		
Issue of shares for cash, net of issuance costs	1,478,251	-
Proceeds from property option	35,000	-
Plan of arrangement cash payment (Note 1)	-	650,000
Expense related to share issue	-	(347,607)
	<u>1,513,251</u>	<u>302,393</u>
 Cash flows from investing activities		
Proceeds from sale of investments	164,400	-
Development of mineral exploration properties	(11,987)	(5,672)
	<u>152,413</u>	<u>(5,672)</u>
 Increase in cash and cash equivalents	 1,219,915	 119,861
Cash and cash equivalents, beginning of period	<u>119,861</u>	<u>-</u>
 Cash and cash equivalents, end of year	 \$ 1,339,776	 \$ 119,861
 Cash and cash equivalents comprises:		
Bank deposits	\$ 29,568	\$ (81,498)
Term deposits	1,310,208	201,359
	<u>\$1,339,776</u>	<u>\$ 119,861</u>

December 31, 2007 and 2006

1. Nature of Operations and Plan of Arrangement

Copper Canyon Resources Ltd. (the "Company" or "Copper Canyon") was incorporated on June 15, 2006, pursuant to the Alberta Business Corporation Act (Alberta), and is extra-provincially registered in the Yukon and British Columbia.

The Company was created as a result of a plan of arrangement undertaken to reorganize Eagle Plains Resources Ltd. ("Eagle Plains"). The Company is in the business of exploring for mineral resources and is exploring properties located in British Columbia and the Yukon.

The future recoverability of amounts recorded as mineral exploration properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and attain profitable production or proceeds from the disposition of the properties in excess of the carrying amount.

On June 9, 2006, the shareholders of Eagle Plains approved a plan of arrangement ("the arrangement") to reorganize the Eagle Plains' mineral property assets.

Under the terms of the arrangement, three of Eagle Plains' existing projects, Copper Canyon, Severance, Abo (Harrison-gold) and \$650,000 in cash was transferred into Copper Canyon. Under the terms of the arrangement, Eagle Plains' shareholders of record on closing of the arrangement received one share of Copper Canyon for every one Eagle Plains share held for a total of 48,351,810 shares issued valued using the fair value of Eagle Plains shares.

Included in the arrangement was an agreement whereby those entitled to exercise options within Eagle Plains receive when exercised, in addition to the new Eagle Plains shares, an equal number of Copper Canyon shares. The proceeds from the exercise of options will be split between Eagle Plains and Copper Canyon 40.65% and 59.35%, respectively. The purpose of this agreement was to ensure that the value attributed to the Eagle Plains option holders was not diluted and to ensure compliance with the requirements of this type of corporate restructuring. The options were valued using the Black Scholes model.

The carrying value of the assets transferred included:

Cash	\$ 650,000
Mineral properties	754,285
Future tax liability	<u>(256,457)</u>
	<u>\$ 1,147,828</u>

The carrying value has been allocated based on relative fair values to:

48,351,810 shares issued	\$ 1,105,123
Value attributed to commitment to issue 4,020,500 shares	<u>42,705</u>
	<u>\$ 1,147,828</u>

December 31, 2007 and 2006

2. Significant Accounting Policies

Management has prepared the financial statements of the Company in accordance with Canadian generally accepted accounting principles.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Changes in accounting policies and practices

Effective January 1, 2007, the Company has adopted new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants. These accounting policy changes were adopted using the transitional provisions provided in the standards. The new standards and accounting policy changes are as follows:

Accounting Changes (Section 1506)

Beginning January 1, 2007 the Company adopted Section 1506 "Accounting Changes" the only impact of which is to provide disclosure of when an entity has not applied a new source of GAAP that has been issued but is not yet effective. This is the case with Section 3862 "Financial Instruments Disclosures" and Section 3863 "Financial Instruments Presentation" which are required to be adopted for fiscal years beginning on or after October 1, 2007. The Company will adopt these standards on January 1, 2008 and it is expected the only effect on the Company will be incremental disclosures regarding the significance of financial instruments for the entity's financial position and performance; and the nature, extent and management of risks arising from financial instruments to which the entity is exposed. Additionally, the Company will adopt Section 1535 "Capital Disclosures" on January 1, 2008 which will require disclosures about the Company's capital and how it is financed.

Financial Instruments – Recognition and measurement (Section 3855)

In accordance with this new standard, the Company now classifies all financial instruments as either: held-to-maturity, available-for-sale, held for trading, loans and receivables, or other financial liabilities. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of operations and deficit.

Upon adoption of this new standard, the Company has designated its cash and cash equivalents as held-for-trading, which is measured at fair value. Prepaids and receivables are classified as loans and receivables, which are measured at amortized cost. Investments are classified as available-for-sale which are measured at fair value. Accounts payable, accrued liabilities and due to related party are classified as other financial liabilities, which are measured at amortized cost.

December 31, 2007 and 2006

2. Significant Accounting Policies - continued

Comprehensive Income (Section 1530)

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, the Company now reports a statement of comprehensive income and a new category, accumulated other comprehensive income, in the shareholders' equity section of the balance sheet. The components of this new category may include unrealized gains and losses on financial assets classified as available-for-sale, exchange gains and losses arising from the translation of financial statements of a self-sustaining foreign operation and the effective portion of the changes in fair value of cash flow hedging instruments.

b) Mineral exploration properties

Costs of acquisition, exploration and development of mineral properties are capitalized on a property by property basis. General and administrative costs are either charged to expense in the year incurred or capitalized if they directly relate to exploration. Amortization of these costs will be on a unit-of-production basis, based on estimated proven reserves of minerals of the areas, should such reserves be found. Properties are abandoned either when the lease expires or when management determines that no further work will be performed on the property since it has no value to the Company. When properties are abandoned, the costs are charged to operations. The proceeds received from a partial disposition or an option payment is credited against the capitalized costs; proceeds received in excess of costs incurred for a property are credited to income. In addition, if there has been a delay in development activity for several successive years, a write-down of those project-capitalized costs will be charged to operations.

Management of the Company reviews and evaluates the carrying value of each mineral property for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. If the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is recognized and the asset written down to fair value which is normally determined using the discounted value of future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether carrying value can be recovered by considering alternative methods of determining fair value.

c) Asset retirement obligations

At December 31, 2007 and 2006, the Company's estimate for asset retirement obligations is not material. The Company has currently made no provision for site restoration costs or potential environmental liabilities as all properties are still in the exploration stages. A liability for the fair value of environmental and site restoration obligations will be recorded when the obligations are incurred. For the Company, significant obligations will be incurred at the time the related assets are brought into production.

d) Loss per share

Basic loss per common share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments such as warrants.

December 31, 2007 and 2006

2. Significant Accounting Policies - continued

- e) Cash and cash equivalents
Cash and cash equivalents consist of bank balances and investments with maturities of 90 days or less from the date of purchase.
- f) Investments
Securities acquired under option agreements executed with option partners on the Company's mineral properties are recorded at the fair value as determined by management. Fair value is based on closing market prices for publicly traded shares recognizing the possible effects of price fluctuations, quantities traded and similar terms. The fair value may or may not approximate trading prices at the time the agreement is executed. As such, the related capitalized mining expenditures are also reduced by the fair value of the investment received.
- g) Future income taxes
The Company uses the liability method of accounting for income taxes. Under this method, future income tax liabilities and future income tax assets are recorded based on temporary differences – the difference between the carrying amount of an asset and liability in the balance sheet and its tax basis and the carry forward of unused tax pools and unamortized share issue costs. Future income tax assets and liabilities are measured using income tax rates expected to apply on the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that the change is substantially enacted. Future income tax assets are evaluated and if realization is not considered "more likely than not", a valuation allowance is provided.
- h) Stock-based compensation plan
The Company has equity incentive plans which are described in Note 5. The fair value of options to purchase common shares is calculated at the date of grant using the Black-Scholes option-pricing model and that value is recorded as compensation expense with an offsetting credit to contributed surplus. Upon exercise of the share purchase option, the associated amount is reclassified from contributed surplus to share capital. Consideration paid by employees upon exercise of share purchase options is credited to share capital.
- i) Joint venture
Substantially all of the Company's exploration and development activities are conducted jointly with others. These financial statements reflect only the Company's proportionate interest in such activities.
- j) Financial Instruments
The Company carries various financial instruments. Unless otherwise indicated, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.
- k) 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 and 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. The most significant of these estimates are related to impairment of mineral properties; impairment of capital assets; useful lives for amortization of capital assets;

Copper Canyon Resources Ltd.
(A Development Stage Corporation)
Notes to Financial Statements

December 31, 2007 and 2006

2. Significant Accounting Policies - continued

reclamation and environmental obligations; stock-based compensation; and contingencies reported in the notes to the financial statements. Financial results as determined by actual events could differ from those estimates. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which were fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options and warrants have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

3. Investments – at market value

	Dec 31 2007	Dec 31 2006
64,074 common shares of NovaGold Resources Inc	\$ 518,999	-

Market value is based on the quoted closing prices of the securities at December 31, 2007. The fair value of these securities may differ from the quoted price due to the effect of market fluctuations and adjustment for quantities traded.

These investments have been classified as available-for-sale securities, in accordance with Handbook Section 3855, Financial Instruments. As at December 31, 2007, there is an unrealized loss of \$563,851, net of \$95,855 of future income taxes (which is completely offset by a valuation allowance – see Note 9), which is included in accumulated other comprehensive loss.

4. Mineral Properties

	Dec 31 2006	Acquisition & Exploration Costs	Option Payments	Option proceeds in excess of carrying value	Dec 31 2007
British Columbia					
Abo (Harrison-Gold)	\$ 101,336	\$ 80,513	\$ (35,000)	\$ -	\$ 146,849
Copper Canyon	588,933	1,474	(1,251,850)	661,444	1
Yukon					
Severance project	69,688	-	-	-	69,688
	\$ 759,957	\$ 81,987	\$ (1,286,850)	\$ 661,444	\$ 216,538
		Gross Hectares			
British Columbia					
13 claims		4,340			
Yukon					
30 claims		630			
		4,970			

December 31, 2007 and 2006

4. Mineral Properties - continued

Copper Canyon Project

The Copper Canyon project was under option to NovaGold Resources Inc. ("NovaGold"). Under terms of the option agreement, NovaGold has formally acquired a 60% interest in the project from the Company by fulfilling the terms of the agreement.

On February 15, 2008, Copper Canyon Resources Ltd. and NovaGold Canada Inc., a wholly-owned subsidiary of NovaGold Resources Inc. formed a 40/60 joint venture to explore and develop the Copper Canyon property, located adjacent to the Galore Creek Partnership's Galore Creek project, located in north-western British Columbia, Canada. The Galore Creek Partnership is a 50/50 partnership between Teck Cominco and NovaGold.

Copper Canyon received the fourth and final annual share issuance on February 26, 2007 from NovaGold Resources Inc. as required under the Option Agreement. A total of 74,074 NovaGold shares were received and recorded at \$1,251,850 based on the market value less 15%, as per company policy due to the trading of the shares being restricted for a period of time after receipt, at close of trading on February 26, 2007.

Abo (Harrison-Gold) Project

The Company entered into an option agreement on December 27, 2007 with Egoli Resources Limited ("Egoli") whereby Egoli may earn a 75-percent interest in the Company's wholly owned Abo Gold property located in the Harrison Lake area of south-western British Columbia. Under the terms of the agreement, Egoli will incur \$7,500,000 in exploration expenditures by December 31, 2012, issue 1,000,000 common shares of Egoli to the Company and make aggregate cash payments of \$1,500,000 by December 31, 2012. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
\$ 10,000			At signing of LOI (received)
25,000	100,000		At execution of Agreement (received)
100,000	100,000		March 31, 2008
115,000	200,000	\$ 500,000	December 31, 2008
200,000	200,000	1,000,000	December 31, 2009
250,000	200,000	1,500,000	December 31, 2010
350,000	200,000	2,000,000	December 31, 2011
450,000		2,500,000	December 31, 2012
<u>\$ 1,500,000</u>	<u>1,000,000</u>	<u>\$ 7,500,000</u>	

Severance Project

The property, located in the west-central Yukon, was acquired through an option agreement whereby a 2% Net Smelter Royalty is reserved for the vendor, 4763 NWT Ltd., half of which may be purchased at any time for \$1,000,000. The Company has also agreed to reserve for the vendors 25% of the proceeds from any subsequent third-party sale or option of the claims, to a maximum of \$100,000.

On March 21, 2007, the Company executed an option agreement with Northern Freegold Resources Ltd. ("NFR") whereby NFR may earn a 100% interest (less 3% NSR) in the Severance Property by making staged cash payments totaling \$50,000 and issuing 300,000 common shares. Payments are due as follows:

December 31, 2007 and 2006

4. Mineral Properties - continued

Cash Payments	Share Payments	Due Date
\$ 15,000	50,000	Approval date (January 23, 2008)
15,000	100,000	January 23, 2009
20,000	150,000	January 23, 2010
50,000	300,000	
(12,500)	(75,000)	Less 25% due vendor
<u>\$ 37,500</u>	<u>225,000</u>	

5. Equity Instruments

a) Authorized

Unlimited number of common shares without nominal or par value.

Unlimited number of first and second preference shares without nominal or par value, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.

b) Issued and outstanding

	2007		2006	
	Number of Shares	\$	Number of Shares	\$
<u>Common Shares</u>				
Balance, beginning of period	48,351,810	\$ 872,516	-	-
Issued per plan of arrangement (note 1)	-	-	48,351,810	\$ 1,105,123
Share issue costs, net of future tax recovery of \$23,117 (2006 - \$115,000)	-	(61,447)	-	(232,607)
Proceeds from private placement	1,783,235	1,515,750	-	-
Proceeds from exercise of options	166,000	30,491	-	-
Issued in exchange for mineral claims	100,000	70,000	-	-
Black Scholes value of warrants issued	-	(534,249)	-	-
Black Scholes value of options exercised	-	1,896	-	-
Balance, end of period	50,401,045	\$1,894,957	48,351,810	\$ 872,516
<u>Warrants</u>				
Balance, beginning of period	-	-	-	-
Issued in private placement	891,617	534,249	-	-
Balance, end of period	891,617	\$534,249	-	-

December 31, 2007 and 2006

5. Equity Instruments - continued

c) Directors and management share options

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange Inc. policies, and the vesting period is determined by the Board of Directors. Options granted can have a term of up to 5 years.

Compensation expense will be determined based on the estimated fair value of the options at the grant dates and amortized over the vesting period.

As at December 31, 2007, the Company has the following stock options outstanding:

	Number of Options	Option Price per Share	Weighted Average Exercise Price
Outstanding, beginning of period	-	-	-
Issued	2,150,000	\$1.00	\$1.00
Outstanding, end of period	2,150,000	\$1.00	\$1.00

The following table summarizes information about the stock options outstanding at December 31, 2007:

Options outstanding	Option price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
2,150,000	\$1.00	\$1.00	4.50 years	1,975,000	\$1.00

d) Compensation expense for share options

Compensation expense has been determined based on the estimated fair value of the options at the grant dates and amortized over the vesting period.

For options issued in 2007, the fair value of stock options was estimated using the Black-Scholes option-pricing model with the following assumptions: Dividend yield Nil (2006 – Nil), expected volatility 84%; risk-free interest rate 3.99%; and weighted average life of 5 years.

For the year ended December 31, 2007, \$1,088,667 has been recorded as stock based compensation related to the options issued to employees and directors with the corresponding amount charged to stock compensation expense.

e) Reserved shares

Per the plan of arrangement (June 9, 2006), all option holders of record in Eagle Plains are to receive, in addition to an Eagle Plains share, one share of the Company when the option is exercised. Proceeds from the exercise of options will be split between Eagle Plains 40.65% and Copper Canyon 59.35%.

Copper Canyon Resources Ltd.
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Notes to Financial Statements

December 31, 2007 and 2006

5. Equity instruments - continued

As at December 31, 2007, the Company had a commitment to issue the following shares upon the exercise of certain Eagle Plains options outstanding as per the plan of arrangement:

	Number of Reserved shares	Price per Share Range	Weighted Average Effective Issue Price
Outstanding, beginning of period	4,010,500	\$0.059 - \$0.831	\$0.374
Exercised	(166,000)	\$0.059 - \$0.831	\$0.184
Outstanding, end of period	3,844,500	\$0.148 - \$0.831	\$0.368

The following table summarizes information about the commitment to issue shares as at December 31, 2007:

Number of Shares Reserved to be Issued	Effective Issue Price	Weighted Average Remaining Contractual Life
281,500	\$0.148	0.25 years
10,000	\$0.297	1.25 years
525,000	\$0.297	1.50 years
650,000	\$0.297	1.75 years
10,000	\$0.386	2.50 years
793,000	\$0.386	2.75 years
625,000	\$0.445	2.50 years
855,000	\$0.415	3.00 years
95,000	\$0.831	3.50 years
3,844,500		

f) Shareholder rights protection plan

The shareholders have approved a plan which the directors intend to implement at their discretion to provide adequate time for the shareholders and the directors to seek alternatives to, and to assess the merits of, bids for the shares of the Company. This plan attaches special rights to the issued shares of the Company. These special rights are void to a bidder who seeks to acquire more than 20 % of the voting shares of the Company.

g) Warrants outstanding

At December 31, 2007, the Company has the following share purchase warrants outstanding, which were issued as part of the private placement of shares during 2007:

Total issued and outstanding	Expiry	Number	Price
Balance, beginning of period		-	-
Issued	April 30, 2009	891,617	\$1.10
Balance, end of period		891,617	\$1.10

Copper Canyon Resources Ltd.
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Notes to Financial Statements

December 31, 2007 and 2006

5. Equity instruments - continued

f) Contributed surplus

	2007		2006	
	Number of options and reserved shares	\$	Number of options and reserved shares	\$
<u>Reserved shares</u>				
Balance, beginning of period	4,010,500	\$ 42,705	-	-
Reserved per plan of arrangement			4,020,500	\$ 42,705
Exercised	(166,000)	(1,896)	-	-
Expired	-	-	(10,000)	-
Balance, end of period	3,844,500	40,809	4,010,500	42,705
<u>Options</u>				
Balance, beginning of period	-	-	-	-
Issued	2,150,000	1,088,667	-	-
Balance, end of period	2,150,000	1,088,667	-	-
	5,994,500	\$ 1,129,476	4,010,500	\$ 42,705

6. Per Share Amounts

The calculation of loss per share has been calculated based on the weighted average number of shares outstanding during the year ended December 31, 2007 of 48,809,232 shares and the period ended December 31, 2006 of 48,351,810.

The net effect of applying the treasury-stock method to the weighted average number of shares outstanding had no dilutive effect for the year ended December 31, 2007 and period ended December 31, 2006.

7. Related Party Transactions

Except as noted elsewhere in these financial statements, the Company was involved in the following related party transactions during the periods:

- a) Management fees of \$60,000 (2006 - \$30,000) were paid to a related company which has common directors.
- b) Accounting fees of \$9,450 (2006 - \$4,250) were paid to a director and officer of the Company.
- c) Legal fees of \$42,579 (2006 - \$9,155) were paid to a law firm of which one of the directors is a partner.
- d) Exploration expenses of \$11,987 (2006 - \$5,672) were paid to a related company which has common directors.
- e) Director's fees of \$31,250 (\$16,500) were paid in the period.

December 31, 2007 and 2006

7. Related Party Transactions - continued

Except as discussed, all related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties. The exchange amounts approximate fair values.

8. Commitments and Contingent Liabilities

The Company has \$25,000 of term deposits and cash balances with a Canadian financial institution for the guarantee of business credit cards.

The Company has agreed to indemnify directors and officers under the bylaws of the Company to the extent permitted by law. The nature of the indemnifications prevent the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiary of such indemnification agreement. The Company has purchased various insurance policies to reduce the risks association with such indemnification.

Additionally, in the ordinary course of business, other indemnifications may have also been provided pursuant to provisions of purchase and sale contracts, service agreements, option agreements, operating agreements and leasing agreements. In these agreements, the Company has indemnified counterparties if certain events occur. These indemnification provisions vary on an agreement by agreement basis. In some cases, there are no pre-determined amounts or limits included in the indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount that the Company could be required to pay cannot be estimated.

9. Income Taxes

At the end of December 31, 2007, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools:

	<u>2007</u>	<u>2006</u>
Non-capital losses carried forward for tax purposes available from time to time until 2016	\$ -	\$ 263,217
Capital loss carry forward	4,660	-
Cumulative Canadian exploration expenses	-	5,641
Undeducted share issue costs carried forward	262,956	278,085
	<u>\$ 267,616</u>	<u>\$ 546,943</u>

December 31, 2007 and 2006

9. Income Taxes - continued

The components of the Company's future income tax asset (liability) are a result of the origination and reversal of temporary differences and are comprised of the following:

Nature of temporary differences	2007	2006
Unused tax losses carry forward	\$ 792	\$ 89,494
Investments	95,855	-
Property	(73,623)	(256,467)
Undeducted share issue costs	89,405	94,548
	<u>\$ 112,429</u>	<u>\$ (72,425)</u>
Valuation allowance	(112,429)	-
Net future income tax asset (liability)	<u>\$ -</u>	<u>\$ (72,425)</u>

The effective tax rate varies from the statutory rate as follows:

	2007	2006
Statutory tax rates	<u>34%</u>	<u>34%</u>
Expected income tax recovery at statutory rates	\$ (338,379)	(65,857)
Stock compensation	370,147	-
Other permanent differences	1,448	(3,175)
	<u>\$ 33,216</u>	<u>\$ (69,032)</u>

10. Subsequent Events

On January 23, 2008, TSX approval was received for the Severance property option agreement with Northern Freegold Resources Ltd. On January 30, 2008, the Company received \$11,250 and 37,500 shares from Northern Freegold Resources Ltd. as per the Severance option agreement.

On February 13, 2008, NovaGold Resources Inc. provided the Company notice that it will not be exercising the second option of the Copper Canyon Option Agreement to acquire a further 20% interest in the property.

On February 15, 2008, Copper Canyon Resources Ltd. and NovaGold Canada Inc., a wholly-owned subsidiary of NovaGold Resources Inc. have agreed to form a 40/60 joint venture to explore and develop the Copper Canyon property, located adjacent to the Galore Creek Partnership's Galore Creek project, located in north-western British Columbia, Canada. The Galore Creek Partnership is a 50/50 partnership between Teck Cominco and NovaGold.

On February 28, 2008, the company received a \$100,000 cash payment and 200,000 shares from Egoli Resources Ltd. as per the option agreement.