

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE NINE MONTHS ENDED
DECEMBER 31, 2007 AND 2006**

MINAEAN INTERNATIONAL CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditors.

February 29, 2008

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31, 2007 AND MARCH 31, 2007

	December 31, 2007	March 31, 2007
ASSETS		
Current		
Cash and cash equivalents	\$ 1,782,683	\$ 1,051,625
Accounts and advances receivable	750,212	687,103
Holdback receivable	229,171	97,075
Inventories	532,022	805,319
Due from related parties	21,715	-
Prepaid expenses and deposits	<u>224,394</u>	<u>250,671</u>
	3,540,197	2,891,793
Deferred financing fees	7,517	13,667
Land, buildings and equipment	<u>480,125</u>	<u>231,570</u>
	<u>\$ 4,027,839</u>	<u>\$ 3,137,030</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness (Note 2)	\$ 1,071,136	\$ 399,955
Accounts payable and accrued liabilities	1,274,958	1,549,651
Due to related parties	-	285,232
Deferred Revenue	102,279	13,220
Current portion of long-term debt	-	5,469
Subscriptions (Note 4)		
Shares	66,330	-
Convertible Debentures	<u>700,000</u>	<u>-</u>
	3,214,703	2,253,527
Loan Payable	-	10,771
Promissory notes payable	<u>132,030</u>	<u>123,014</u>
	<u>3,346,733</u>	<u>2,387,312</u>
Shareholders' equity		
Capital stock (Note 3)	5,660,644	5,587,044
Contributed surplus (Note 3)	574,938	599,860
Deficit	<u>(5,554,476)</u>	<u>(5,437,186)</u>
	<u>681,106</u>	<u>749,718</u>
	<u>\$ 4,027,839</u>	<u>\$ 3,137,030</u>

Subsequent events (Note 4)

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

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE NINE MONTHS ENDED DECEMBER 31, 2007 AND 2006
(UNAUDITED – PREPARED BY MANAGEMENT)

	Three months ended December 31,		Nine months ended December 31,	
	2007	2006	2007	2006
SALES	\$ 804,102	\$ 1,338,017	\$ 3,374,055	\$ 1,710,964
COST OF SALES	<u>464,773</u>	<u>1,197,077</u>	<u>2,115,244</u>	<u>1,564,915</u>
	<u>339,329</u>	<u>140,940</u>	<u>1,258,811</u>	<u>146,049</u>
EXPENSES				
Advertising	54,344	875	60,831	1,610
Amortization	15,640	14,420	42,450	35,327
Commissions	–	33,730	–	34,637
Consulting fees	73,817	66,269	229,139	92,050
Interest and bank charges	31,047	25,844	89,902	47,004
Interest on promissory notes	3,016	4,537	9,016	13,560
Management fees	15,000	17,442	45,000	66,018
Office and administration	114,434	98,172	300,603	159,750
Professional fees	37,873	6,001	69,706	48,729
Regulatory and transfer agent fees	3,977	9,190	12,197	18,297
Rent	48,904	43,702	160,536	73,884
Stock-based compensation	591	4,104	6,178	145,114
Technical and engineering	–	1,070	–	1,070
Travel and promotion	38,107	46,468	96,181	86,675
Wages and benefits	117,365	100,910	403,567	291,749
	<u>(554,115)</u>	<u>(472,734)</u>	<u>(1,525,306)</u>	<u>(1,115,474)</u>
Loss before other items	<u>(214,786)</u>	<u>(331,794)</u>	<u>(266,495)</u>	<u>(969,425)</u>
OTHER ITEMS				
Forgiveness of debt	–	4,289	2,412	4,289
Write-off of loan	15,656	–	15,656	–
Interest and other income	12,107	15,519	131,137	28,036
	<u>27,763</u>	<u>19,808</u>	<u>149,205</u>	<u>32,325</u>
Loss for the period	(187,023)	(311,986)	(117,290)	(937,100)
Deficit, beginning of period	<u>(5,367,453)</u>	<u>(4,710,762)</u>	<u>(5,437,186)</u>	<u>(4,085,648)</u>
Deficit, end of period	<u>\$ (5,554,476)</u>	<u>\$ (5,002,748)</u>	<u>\$ (5,554,476)</u>	<u>\$ (5,022,748)</u>
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.03)
Weighted average number of shares outstanding	33,135,763	30,779,717	33,071,025	29,087,517

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

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2007 AND 2006
(UNAUDITED – PREPARED BY MANAGEMENT)

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2007	2006	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (186,923)	\$ (311,986)	\$ (117,190)	\$ (937,100)
Items not affecting cash:				
Amortization	15,640	14,420	42,450	35,327
Stock-based compensation	591	4,104	6,178	145,114
Interest accrued on promissory notes	3,016	4,537	9,016	13,560
Changes in non-cash working capital items:				
Accounts and advances receivable	517,500	(381,695)	(63,109)	(471,438)
Holdback receivable	(229,171)	–	(132,096)	–
Inventories	14,497	(327,568)	273,297	(205,660)
Prepaid expenses and deposits	(10,558)	(125,411)	26,277	(406,250)
Deferred Revenue	102,279	–	89,059	–
Due from related parties	(306,947)	–	(306,947)	–
Accounts payable and accrued liabilities	(2,502)	843,714	(274,693)	985,519
Net cash used in operating activities	<u>(82,578)</u>	<u>(279,885)</u>	<u>(447,758)</u>	<u>(840,928)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of land, buildings and equipment	<u>(42,325)</u>	<u>(151,863)</u>	<u>(284,855)</u>	<u>(175,202)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Due to related parties	88,621	(101,204)	–	120,269
Bank indebtedness	213,492	322,624	671,181	608,098
Repayments on long-term debt	–	–	(16,240)	(1,679)
Proceeds on share issuance	42,500	1,039,620	42,500	1,204,620
Share issuance costs	–	(30,523)	–	(30,523)
Subscriptions	766,230	(30,000)	766,230	–
Net cash provided by financing activities	<u>1,110,843</u>	<u>1,200,517</u>	<u>1,463,671</u>	<u>1,900,785</u>
Increase in cash and equivalents during the period	985,940	768,769	731,058	884,655
Cash and equivalents, beginning of period	796,743	396,771	1,051,625	280,885
Cash and equivalents, end of period	\$ 1,782,683	\$ 1,165,540	\$ 1,782,683	\$ 1,165,540
Cash paid during the period for interest	\$ –	\$ –	\$ –	\$ –

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

MINAEAN INTERNATIONAL CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. BASIS OF PRESENTATION

These interim consolidated financial statements have been prepared using Canadian generally accepted accounting principles (Canadian GAAP). The interim financial statements include normal recurring adjustments, which in management's opinion, are necessary for a fair presentation of the financial results of the interim period presented.

The disclosures in these statements do not conform in all aspects to the requirements of Canadian GAAP for annual financial statements. These statements follow the same accounting policies and methods of their application as the most recent annual financial statements. These statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's audited financial statements for the year ended March 31, 2007

2. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Capital Stock		Contributed Surplus
	Number of Shares	Amount	
Authorized Unlimited common shares without par value			
As at March 31, 2007	33,038,480	\$ 5,587,044	\$ 599,860
Exercise of options	170,000	73,600	(31,100)
Stock-based compensation	—	—	6,178
As at December 31, 2007	33,208,480	\$ 5,660,644	\$ 574,938

Included in capital stock as at December 31, 2007 are 2,259,717 (March 31, 2007 – 3,766,193) common shares held in escrow subject to a periodic schedule of release.

Stock options and warrants

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the Board of Directors.

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, March 31, 2007	2,136,868	\$ 0.39	3,220,000	\$ 0.27
Expired	(393,333)	0.35	(10,000)	0.31
Exercised	—	—	(170,000)	0.25
Outstanding, December 31, 2007	1,743,535	\$ 0.40	3,040,000	\$ 0.27
Number currently exercisable	1,743,535	\$ 0.40	3,040,000	\$ 0.27

MINAEAN INTERNATIONAL CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

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

As at December 31, 2007, incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	340,000	\$ 0.25	April 24, 2008
	140,000	\$ 0.30	January 1, 2009
	285,000	\$ 0.25	January 16, 2009
	375,000	\$ 0.25 ⁽¹⁾	July 19, 2009
	990,000	\$ 0.25	July 4, 2011
	910,000	\$ 0.31	March 6, 2012
Warrants	1,227,168	\$ 0.40	October 27, 2008
	349,700	\$ 0.40	November 21, 2008
	166,667	\$ 0.40	December 13, 2008

(1) During fiscal 2007, the Company repriced these options from \$0.35 to \$0.25 resulting in additional stock based compensation expenses of \$13,158.

Stock-based compensation

The Company uses the Black-Scholes option pricing model, the stock options are recorded at fair value in the statement of operations over the vesting period. Total stock-based compensation recognized in the statement of operations was \$6,178 (2006 – \$145,114) and the weighted average fair value of options granted was \$0.12 (2006 - \$0.13) per share. This amount was also recorded as contributed surplus on the balance sheet.

The following weighted average assumptions were used for the valuation of stock options and share purchase warrants:

December 31,	2007	2006
Risk-free interest rate	3.9%	4.5%
Expected life of options	2 years	5 years
Annualized volatility	76%	80%
Dividend rate	0.00%	0.00%

3. SEGMENTED INFORMATION

The Company operates in one industry segment, being the development and production of building framing systems, and in the geographic areas as follows:

December 31,	2007	2006
Sales for the period		
India	\$ 965,689	\$ 197,334
U.S.A.	<u>2,397,880</u>	<u>175,613</u>
	<u>\$ 3,363,569</u>	<u>\$ 372,947</u>

MINAEAN INTERNATIONAL CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

3. SEGMENTED INFORMATION (cont'd...)

	December 31, 2007	March 31, 2007
Capital assets		
Canada	\$ 7,462	\$ 6,338
U.S.A.	5,468	4,250
India	<u>467,195</u>	<u>220,982</u>
	<u>\$ 480,125</u>	<u>\$ 231,570</u>

During the nine months ended December 31, 2007, one customer individually comprised 53% (2006 – 74%) of total sales.

4. SUBSEQUENT EVENTS

Subsequent to the nine months ended December 31, 2007, the Company closed the first tranche of its private placement of 201,000 units at a price of \$0.33 per unit. Each unit consists of one common share and one-half of one share purchase warrant of the Company. Each whole share purchase warrant will entitle the holder to purchase one common share at a price of \$0.45 per share for a period of two years.

The Company also closed the first tranche of its private placement of \$900,000 in 11% convertible debentures, with interest payable semi-annually. The convertible debenture have a term of 5 years and one day and will be convertible into common shares of the Company at a price of \$0.45 per share anytime during the first 3 years, \$0.60 per share after the 3rd year, \$0.75 per share after the 4th year and \$0.90 after the 5th year.

Finders' fees of 7.5% were paid on a portion of the private placement of units and of 5% on the convertible debenture.