

**MINAEAN INTERNATIONAL CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED  
JUNE 30, 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 interim 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 interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

August 21, 2007

**MINAEAN INTERNATIONAL CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
**AS AT JUNE 30, 2007 AND MARCH 31, 2007**

	<b>June 30, 2007</b>	March 31, 2007
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 907,102	\$ 1,051,625
Accounts and advances receivable	830,163	687,103
Holdback receivable	124,709	97,075
Inventories	838,422	805,319
Prepaid expenses and deposits	<u>246,302</u>	<u>250,671</u>
	<b>2,946,698</b>	2,891,793
<b>Deferred financing fees</b>	<b>11,617</b>	13,667
<b>Property, plant and equipment</b>	<u>242,058</u>	<u>231,570</u>
	<b>\$ 3,200,373</b>	<b>\$ 3,137,030</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness (Note 2)	\$ 644,467	\$ 399,955
Accounts payable and accrued liabilities	1,587,391	1,549,651
Deferred revenue	—	13,220
Due to related parties	163,902	285,232
Current portion of loan payable	<u>6,970</u>	<u>5,469</u>
	<b>2,402,730</b>	2,253,527
<b>Loan payable</b>	<b>7,180</b>	10,771
<b>Promissory notes payable</b>	<u>126,005</u>	<u>123,014</u>
	<u><b>2,535,915</b></u>	<u>2,387,312</u>
<b>Shareholders' equity</b>		
Capital stock (Note 3)	5,587,045	5,587,044
Contributed surplus (Note 3)	603,556	599,860
Deficit	<u>(5,526,143)</u>	<u>(5,437,186)</u>
	<u><b>664,458</b></u>	<u>749,718</u>
	<b>\$ 3,200,373</b>	<b>\$ 3,137,030</b>
<b>Contingency (Note 5)</b>		
<b>Commitments (Note 6)</b>		

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

**MINAEAN INTERNATIONAL CORP.**  
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT  
FOR THE THREE MONTHS ENDED JUNE 30

	2007	2006
<b>SALES</b>	\$ 792,723	\$ 55,085
<b>COST OF SALES</b>	<u>439,941</u>	<u>73,966</u>
	<u>352,782</u>	<u>(18,881)</u>
<b>EXPENSES</b>		
Advertising and promotion	2,453	—
Amortization	13,429	9,918
Commissions	—	868
Consulting fees	57,942	16,178
Interest and bank charges	20,712	7,531
Interest on promissory notes	2,992	4,487
Management fees	15,000	15,372
Office and administration	107,785	25,002
Professional fees	13,192	4,378
Regulatory and transfer agent fees	3,736	1,476
Rent	50,103	12,658
Stock-based compensation	3,696	—
Travel and promotion	26,407	9,196
Wages and benefits	<u>148,890</u>	<u>64,812</u>
	<u>(466,337)</u>	<u>(171,876)</u>
<b>Loss before other items</b>	<u>(113,555)</u>	<u>(190,757)</u>
<b>OTHER ITEMS</b>		
Forgiveness of Debt	2,412	—
Interest and other income	<u>22,186</u>	<u>102</u>
	<u>24,598</u>	<u>102</u>
<b>Loss for the period</b>	(88,957)	(190,655)
<b>Deficit, beginning of period</b>	<u>(5,437,186)</u>	<u>(4,085,647)</u>
<b>Deficit, end of period</b>	\$ (5,526,143)	\$ (4,276,302)
<b>Basic and diluted loss per share</b>	\$ (0.00)	\$ (0.01)
<b>Weighted average number of shares outstanding</b>	33,038,480	27,890,405

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

**MINAEAN INTERNATIONAL CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED JUNE 30**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (88,957)	\$ (190,655)
Items not affecting cash:		
Amortization	13,429	9,918
Stock-based compensation	3,696	—
Interest accrued on promissory notes	2,992	4,487
Changes in non-cash working capital items:		
Increase in accounts and advances receivable	(143,060)	(3,695)
Increase in holdback receivable	(27,634)	—
Increase in inventories	(33,103)	(11,242)
Decrease (increase) in prepaid expenses and deposits	4,369	(51,506)
Decrease in deferred revenue	(13,220)	—
Increase in accounts payable and accrued liabilities	<u>37,740</u>	<u>13,093</u>
Net cash used in operating activities	<u>(243,748)</u>	<u>(229,600)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of equipment	<u>(21,867)</u>	<u>(233)</u>
Net cash used in investing activities	<u>(21,867)</u>	<u>(233)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Due to related parties	(121,330)	112,186
Bank indebtedness	244,512	14,555
Repayments on long-term debt	(2,090)	(514)
Proceeds on share issuance	<u>—</u>	<u>165,000</u>
Net cash provided by financing activities	<u>121,092</u>	<u>291,227</u>
<b>Change in cash during the period</b>	<b>(144,523)</b>	<b>61,394</b>
<b>Cash, beginning of period</b>	<b><u>1,051,625</u></b>	<b><u>280,885</u></b>
<b>Cash, end of period</b>	<b>\$ 907,102</b>	<b>\$ 342,279</b>
<b>Cash paid during the period for interest</b>	<b>\$ —</b>	<b>\$ —</b>

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

**MINAEAN INTERNATIONAL CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 June 30, 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. BANK INDEBTEDNESS**

	June 30, 2007	March 31, 2007
State Bank of India line of credit of \$1,000,000 bearing interest at 10.5% per annum, guaranteed by Export Development Canada, expiring August 31, 2007	\$ 644,467	\$ 399,955
	<u>\$ 644,467</u>	<u>\$ 399,955</u>

**3. 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
Stock-based compensation	<u>—</u>	<u>—</u>	<u>3,696</u>
As at June 30, 2007	<u>33,038,480</u>	<u>\$ 5,587,044</u>	<u>\$ 603,556</u>

Included in capital stock as at June 30, 2007 are 3,012,956 (March 31, 2007 – 3,766,193) common shares held in escrow subject to a periodic schedule of release.

**MINAEAN INTERNATIONAL CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2007

**3. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

**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	—	—
Outstanding, June 30, 2007	1,743,535	\$ 0.40	3,220,000	\$ 0.27
Number currently exercisable	1,743,535	\$ 0.40	3,208,431	\$ 0.27

As at June 30, 2007, incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
<b>Options</b>	340,000	\$ 0.25	April 24, 2008
	140,000	\$ 0.30	January 1, 2009
	285,000	\$ 0.25	January 16, 2009
	525,000	\$ 0.25 <sup>(1)</sup>	July 19, 2009
	1,010,000	\$ 0.25	July 4, 2011
	920,000	\$ 0.31	March 6, 2012
<b>Warrants</b>	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.

**MINAEAN INTERNATIONAL CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2007

**3. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

**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 \$3,696 (June 30, 2006 – \$nil) and the weighted average fair value of options granted was \$0.12 (June 30, 2006 - \$nil) 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:

June 30,	2007	2006
Risk-free interest rate	3.89%	–%
Expected life of options	2 years	– years
Annualized volatility	76%	–%
Dividend rate	0.00%	0.00%

**4. 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:

June 30,	2007	2006
Sales for the period		
India	\$ 62,731	\$ 55,085
U.S.A.	<u>729,992</u>	<u>–</u>
	\$ 792,723	\$ 55,085

	June 30, 2007	March 31, 2007
Capital assets		
Canada	\$ 5,980	\$ 6,338
U.S.A.	10,266	4,250
India	<u>225,812</u>	<u>220,982</u>
	\$ 242,058	\$ 231,570

During the three months ended June 30, 2007, two customers individually comprised 8% (June 30, 2006 – 100%) and 79% (June 30, 2007 – 0%) of total sales.

**MINAEAN INTERNATIONAL CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2007

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**5. CONTINGENCY**

The Company is involved in a claim and litigation in the amount of \$25,000 arising as a result of the termination of certain consulting services. In the opinion of management, this claim is without merit and the Company has filed a counter claim. No provision has been made for this claim in the accounts.

**6. COMMITMENTS**

The Company has the following rental commitments on its leased premises:

2008	\$ 139,300
2009 to 2012	<u>151,171</u>
	<u>\$ 290,471</u>