

**AMI RESOURCES INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FEBRUARY 29, 2008**

**AUDITORS' REPORT**

**CONSOLIDATED BALANCE SHEETS**

**CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS AND ACCUMULATED OTHER  
COMPREHENSIVE LOSS**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## AUDITORS' REPORT

To the Shareholders of AMI Resources Inc.

We have audited the consolidated balance sheets of AMI Resources Inc. as at February 29, 2008 and February 28, 2007 and the consolidated statements of loss and deficit, comprehensive loss and accumulated other comprehensive income and cash flows for the years then ended. 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2008 and February 28, 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

“DMCL”

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED ACCOUNTANTS

May 30, 2008  
Vancouver, Canada

**AMI RESOURCES INC.**  
**CONSOLIDATED BALANCE SHEETS**

	February 29, 2008	February 28, 2007
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 440,301	\$ 316,799
Term deposit (Note 2)	503,324	2,013,036
Marketable securities (Note 3)	12,600	-
Prepaid and deposits (Note 6)	26,666	31,306
Due from related parties (Note 6)	29,000	-
Other receivables and advances	5,108	27,043
	1,016,999	2,388,184
<b>EQUIPMENT</b> (Note 4)	96,751	72,938
<b>MINERAL PROPERTIES AND DEFERRED COSTS</b> (Note 5)	4,231,516	2,887,293
	\$ 5,345,266	\$ 5,348,415
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 243,917	\$ 50,536
Due to related parties (Note 6)	34,124	28,932
	278,041	79,468
<b>SHAREHOLDERS' EQUITY</b>		
<b>SHARE CAPITAL</b> (Note 8)	6,543,554	5,891,896
<b>CONTRIBUTED SURPLUS</b> (Note 8)	2,274,769	1,849,797
<b>ACCUMULATED OTHER COMPREHENSIVE LOSS</b>	(450)	-
<b>DEFICIT</b>	(3,750,648)	(2,472,746)
	5,067,225	5,268,947
	\$ 5,345,266	\$ 5,348,415

**Going Concern (Note 1)**  
**Contingency (Note 5)**  
**Commitments (Notes 5, 10 and 11)**  
**Subsequent Events (Note 11)**

Approved on behalf of the Board

“Dustin Elford”  
Dustin Elford – Director

“William Pettigrew”  
William Pettigrew – Director

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

**AMI RESOURCES INC.**

**CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT**

	Year ended February 29, 2008	Year ended February 28, 2007
<b>EXPENSES</b>		
Amortization	\$ 35,727	\$ 2,897
Consulting (Note 6)	117,500	90,000
Director fees (Note 6)	64,000	37,000
Finance fees	-	452
Foreign exchange loss	68,126	4,307
Investor relations	109,173	109,152
Management fees (Note 6)	117,500	90,000
Office and general	51,130	41,176
Professional fees (Note 6)	52,689	50,731
Stock-based compensation (Note 8)	612,649	162,478
Transfer agent and filing fees	16,809	36,373
Travel and promotion	81,567	14,127
<b>NET LOSS BEFORE THE FOLLOWING</b>	<b>(1,326,870)</b>	<b>(638,693)</b>
<b>INTEREST INCOME</b>	<b>48,968</b>	<b>17,805</b>
<b>GAIN ON DISPOSAL OF MARKETABLE SECURITIES</b>	<b>-</b>	<b>13,500</b>
<b>NET LOSS FOR THE YEAR</b>	<b>(1,277,902)</b>	<b>(607,388)</b>
<b>DEFICIT, BEGINNING OF YEAR</b>	<b>(2,472,746)</b>	<b>(1,865,358)</b>
<b>DEFICIT, END OF YEAR</b>	<b>\$ (3,750,648)</b>	<b>\$ (2,472,746)</b>
<b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>	<b>\$ (0.04)</b>	<b>\$ (0.03)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING –</b>		
<b>basic and diluted</b>	<b>31,480,865</b>	<b>20,216,938</b>

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

AMI RESOURCES INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS  
AND ACCUMULATED OTHER COMPREHENSIVE LOSS

	Year ended February 29, 2008
<b>NET LOSS FOR THE YEAR</b>	\$ (1,277,902)
<b>Other comprehensive loss</b>	
Unrealized loss on available for sale securities	(450)
<b>COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>\$ (1,278,352)</b>
<b>ACCUMULATED OTHER COMPREHENSIVE LOSS – Beginning of Year</b>	<b>\$ -</b>
Other comprehensive loss	(450)
<b>ACCUMULATED OTHER COMPREHENSIVE LOSS – End of Year</b>	<b>\$ (450)</b>

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

**AMI RESOURCES INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year ended February 29, 2008	Year ended February 28, 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (1,277,902)	\$ (607,388)
Adjusted for items not affecting cash:		
- stock-based compensation	612,649	162,478
- amortization	35,727	2,897
- accrued interest on term deposit	(11,459)	(13,036)
- gain on disposal of marketable securities	-	(13,500)
- net changes in non-cash working capital items	196,148	(117,710)
Cash flows used in operating activities	(444,837)	(586,259)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Equipment	(59,540)	(69,602)
Investment (redemption) of term deposit	1,521,171	(2,000,000)
Proceeds (acquisition) of marketable securities	(13,050)	21,500
Mineral property acquisition and exploration costs	(1,344,223)	(681,387)
Cash flows used in investing activities	104,358	(2,729,489)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of note payable	-	(5,802)
Shares issued for cash	463,981	685,186
Share issuance costs	-	(270,222)
Shares and share purchase warrants issued for cash by private placement	-	3,200,000
Cash flows from financing activities	463,981	3,609,162
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	123,502	293,414
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	316,799	23,385
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 440,301	\$ 316,799
Supplementary Cash Flow Information:		
Cash paid for interest	\$	\$ 52
	-	
Cash paid for income taxes	\$	-
	-	

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

**AMI RESOURCES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FEBRUARY 29, 2008**

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**NOTE 1 – NATURE AND CONTINUANCE OF OPERATIONS**

The Company was incorporated in the province of British Columbia with the purpose of acquiring, exploring and developing mineral properties. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts recorded for mineral properties and related deferred costs are dependent upon the discovery of economically recoverable reserves.

The ability of the Company to continue to operate as a going concern is dependent on its ability to ultimately operate its business at a profit. To date, the Company has not generated any revenues from operations and will require additional funds to meet its obligations and the costs of its operations. As a result, further losses are anticipated prior to the generation of any profits. As at February 29, 2008 the Company has accumulated a deficit of \$3,750,648 since inception.

The Company's future capital requirements will depend on many factors, including the costs of exploring its mineral properties, operating costs, competitive environment and global market conditions. The Company's anticipated operating losses and increasing working capital requirements will require that it obtain additional capital to continue operations.

The Company will depend almost exclusively on outside capital. Such outside capital will include the sale of additional shares. There can be no assurance that capital will be available as necessary to meet these continuing exploration and development costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected, thus giving rise to doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not reflect adjustments to the carrying values of assets, liabilities or reported results should the Company be unable to continue as a going concern.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of presentation

These consolidated financial statements are presented in accordance with generally accepted accounting principles ("GAAP") applicable in Canada. These consolidated financial statements include the accounts of its wholly-owned subsidiary AMI Africa Exploration Ltd. ("AMI Africa", formerly "Norcan Mining Corp."), incorporated in British Columbia. All inter-company transactions and balances have been eliminated upon consolidation.

(b) 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 amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates relate to the determination of impairment of mineral property interests and equipment, the determination of future income taxes and the determination of fair value for stock based transactions. Where estimates have been used financial results as determined by actual events could differ from those estimates.

(c) Cash and cash equivalents

Cash equivalents usually consist of highly liquid investments which are readily convertible into cash with maturities of three months or less when purchased.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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(d) Short term investments

Short-term investments consist of highly liquid Canadian and United States dollar denominated term deposits with terms to maturity greater than ninety days, but not more than one year, that are readily convertible to contracted amounts of cash. Short-term investments are classified as held-for-trading and are recorded at fair value with realized and unrealized gains and losses reported in net income (loss). At February 29, 2008 the Company's short term investments consist of a term deposits, held by a major bank, in the principal amount of \$500,000, bearing interest at 3.9% per annum and maturing on December 24, 2008.

(e) Future income taxes

Future income taxes are recorded using the asset and liability method whereby future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of 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 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 period that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

(f) Mineral properties

The Company is in the exploration stage and defers all expenditures related to its mineral properties until such time as the property is put into commercial production, sold, abandoned or management has determined it to be impaired. Under this method, the amounts reported represent costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values.

If the property is put into commercial production, the expenditures will be depleted based upon the proven reserves available. If the property is sold, abandoned or impaired, then the expenditure will be charged to operations. The Company does not accrue the estimated future costs of maintaining in good standing its mineral properties.

In the event that reserves are determined, the carrying values of a mineral property interest, on a property-by-property basis, will be reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, then the mineral property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized is dependent upon the identification of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and to realize profitable production and proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment will be based on current conditions. However, it is possible that changes could occur in the near term, which could adversely affect management's estimates and may result in future write-downs of the capitalized property carrying values.

(g) Foreign currency translation

The Company's reporting currency is the Canadian dollar. Transactions are translated into Canadian dollar equivalents as follows:

- a) Monetary items at the rate prevailing at the balance sheet date;
- b) Non-monetary items at the historical exchange rate;
- c) Revenue and expense at the average exchange rate for the period;
- d) Gains or losses arising on translation are included in earnings or loss.

(h) Equipment

Automobiles, computers and office equipment are recorded at cost less accumulated amortization. Automobiles and computers are amortized at a rate of 30% per year and office equipment at a rate of 20% per year using the declining balance method.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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(i) 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 common share is recognized from 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 period. Diluted loss per common share is equal to basic loss per share for the years ended February 29, 2008 and February 28, 2007 as the effects of conversion is anti-dilutive.

Basic and diluted loss per common share are calculated using the weighted average number of shares outstanding during the year.

(j) Risk management

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

The Company is not exposed to significant credit concentration risk. The Company is not exposed to significant interest rate risk.

The Company's functional currency is the Canadian dollar. The Company operates in foreign jurisdictions, giving rise to significant exposure to market risks from changes in foreign currency rates. The financial risk is the risk to the Company's operations that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

(k) Stock-based compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. Accordingly, the fair value of the options at the date of the grant is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

(l) Asset retirement obligations

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is also adjusted to reflect period-to-period changes in the liability resulting from passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. As at February 29, 2008, the Company did not have any readily determinable asset retirement obligations.

(m) Financial instruments

The Company's financial instruments consist of term deposits and marketable securities. The term deposits have been designated as held for trading and the marketable securities have been designated as available for sale

(n) Impairment of Long-Lived Assets

Long-lived assets are tested for recoverability when events or changes in circumstances indicate their varying value may not be recoverable. A long-lived asset is potentially not recoverable when its carrying value is greater than the sum of its undiscounted cash flows expected to result from its use and eventual disposition. The impairment loss, if any, is measured as the amount by which the long-lived asset's carrying amount exceeds its fair value.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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(o) Adoption of New Accounting Standards

On March 1, 2007, the Company adopted five new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA): Handbook Section 1506, *Accounting Changes*, Handbook Section 1530, *Comprehensive Income*, Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, Handbook Section 3251, *Equity*, Handbook Section 3865, *Hedges*, and Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*. These standards were adopted prospectively and accordingly, comparative amounts for prior periods have not been restated.

***Accounting Changes***

This standard established criteria for changing accounting policies, together with the accounting treatment and disclosures of changes in accounting policies, changes in accounting estimates and correction of errors. Changes in accounting policies are only permitted when required by a primary source of generally accepted accounting principles or when the change will result in more reliable and more relevant information.

***Comprehensive Income***

Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles. The Company's other comprehensive income represents changes in shareholders' equity arising from unrealized gains and losses on financial assets classified as available-for-sale.

***Financial Instruments – Recognition and Measurement***

Section 3855 requires that all financial assets and financial liabilities (including derivatives) be measured at fair value on initial recognition except for certain related party transaction. Measurement in subsequent periods depends on whether the financial asset or liability has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other liabilities.

Financial instruments classified as held-for-trading are measured at fair value and unrealized gains and losses are included in net income in the period in which they arise.

The Company conducted a search for embedded derivatives in all other contractual arrangements and did not identify any embedded features, which required separate presentation from the related host contract.

Available-for-sale assets are those financial assets that are designated as available-for-sale or are not classified as held-for-trading, held-to-maturity, or loans and receivables. Available-for-sale assets are measured at fair value with unrealized gains and losses recorded in other comprehensive income until realized, at which time they will be recognized in net income.

Other accounting implications arising upon the adoption of Section 3855 include the use of the effective interest method ("EIM") for any transaction costs or financing fees earned or incurred for financial instruments measured at amortized cost, and the recognition of the fair value of the obligation undertaken in issuing a guarantee that meets the definition of a guarantee pursuant to Accounting Guidelines 14, Disclosure of Guarantees (AcG 14). No subsequent re-measurement at fair value is required unless financial guarantee qualifies as a derivative. If the financial guarantee meets the definition of a derivative, it is re-measured at fair value at each balance sheet date.

***Equity***

The new standard is effective for fiscal years beginning on or after October 1, 2006 and establishes standards for the presentation of equity and changes in equity during the reporting period.

***Financial Instruments – Disclosure and Presentation***

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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- (o) Adoption of New Accounting Standards (continued)

***Hedges:***

The new standard is effective for fiscal years beginning on or after October 1, 2006 and establishes standards for when and how hedge accounting may be applied. The Company has not designated any agreements as hedges.

On adopting these new standards, the Company designated its cash and term deposits as held-for-trading, which are measured at fair value. Marketable securities are designated as available for sale which are measured at fair value. Receivables are classified under loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, and due to related parties are classified as other financial liabilities, which are measured at amortized cost.

Financial assets classified as loans and receivables, as well as other financial liabilities, are estimated to have a fair value equivalent to their carrying value due to the short term nature of their maturity.

- (p) Recent Accounting Pronouncements

***General Standards of Financial Statement Presentation***

The CICA accounting standards board amended section 1400 to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company does not expect the adoption of this amendment to have an impact on its consolidated financial statements.

***Capital Disclosures***

In December 2006, the CICA issued Section 1535 which specifies the disclosure of information that enables users of an entity's financial statements to evaluate its objectives, policies and processes for managing capital such as qualitative information about its objectives, policies and processes for managing capital, summary quantitative data about what the entity manages as capital, whether it has complied with any capital requirements and, if it has not complied, the consequences on non-compliance. The mandatory effective date is for annual and interim financial statements for years beginning on or after October 1, 2007. This new requirement must be adopted by the Company effective January 1, 2008. The Company is currently evaluating the impact of these sections on its results of operation and financial position.

***Section 3862, Financial Instruments Disclosures***

***Section 3863, Financial Instruments Presentation***

These sections will replace Section 3861, Financial Instruments Disclosure and Presentation, revising and enhancing disclosure requirements while carrying forward its presentation requirements. These new Sections will place increased emphasis on disclosure about the nature and extent of risk arising from financial instruments and how the entity manages those risks. The mandatory effective date is for annual and interim financial statements for years beginning on or after October 1, 2007. The Company will begin application of these sections effective January 1, 2008. It is not anticipated that the adoption of these new accounting standards will materially impact the amounts reported in the Company's financial statements as they related primarily to disclosure.

***Transition to International Financial Reporting Standards***

In 2006, Canada's Accounting Standards Board (AcSB) ratified a strategic plan that will result in the convergence of Canadian GAAP, as used by public companies, with International Financial Reporting Standards over a transitional period. The AcSB has developed and published a detailed implementation plan, with a changeover date for fiscal years beginning on or after January 1, 2011. This initiative is in its early stages as of the date on these annual consolidated financial statements. Accordingly, it would be premature to assess the impact of the initiative on the Company at this time.

**NOTE 3 – MARKETABLE SECURITIES**

Marketable securities consist of 30,000 common shares of Western Keltic Mines Inc. (“Keltic”) that were acquired during the year through the exercise of share purchase warrants at \$0.435 per share. Keltic is a publicly traded company on the TSX Venture Exchange. The Keltic shares have been designated as an available for sale investment with a fair value of \$12,600 on February 29, 2008. The Company recorded an unrealized gain of \$450 in other comprehensive income at February 29, 2008.

**NOTE 4 – EQUIPMENT**

	2008			2007		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Computer and office equipment	\$ 57,995	\$ 29,815	\$ 28,180	\$ 30,932	\$ 20,612	\$ 10,320
Automobiles	95,094	26,343	68,571	62,618	-	62,618
	<u>\$153,089</u>	<u>\$ 56,158</u>	<u>\$ 96,751</u>	<u>\$ 93,550</u>	<u>\$ 20,612</u>	<u>\$ 72,938</u>

**NOTE 5 - MINERAL PROPERTIES AND DEFERRED COSTS**

**Mineral Property Expenditures:**

	North Ashanti	Golden Reef	Total
Balance at February 28, 2006	\$ 2,205,906	\$ -	\$ 2,205,906
Exploration costs incurred:			
Assays	32,672	-	32,672
Concession fees	8,625	-	8,625
Drilling	391,480	-	391,480
Field costs	33,781	-	33,781
Geologist fees	44,499	-	44,499
Geochem and soil sampling	28,987	-	28,987
Pitting and trenching	41,811	-	41,811
Project administration	8,853	-	8,853
Travel and accommodation	90,679	-	90,679
	<u>681,387</u>	<u>-</u>	<u>681,387</u>
Balance at February 28, 2007	<u>2,887,293</u>	<u>-</u>	<u>2,887,293</u>
Acquisition costs incurred	<u>-</u>	<u>17,082</u>	<u>17,082</u>
Exploration costs incurred:			
Assays	83,929	-	83,929
Concession fees	7,765	-	7,765
Drilling	886,809	-	886,809
Field and camp costs	68,895	-	68,895
Geologist fees	94,411	10,630	105,041
Project administration	45,646	-	45,646
Travel and accommodation	129,056	-	129,056
	<u>1,316,511</u>	<u>10,630</u>	<u>1,327,141</u>
Balance at February 29, 2008	<u>\$ 4,203,804</u>	<u>\$ 27,712</u>	<u>\$ 4,231,516</u>

**NOTE 5 - MINERAL PROPERTIES AND DEFERRED COSTS (continued)**

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North Ashanti

The North Ashanti Project consists of the Beposo and Anuoro prospecting licenses consisting of 166km<sup>2</sup>. AMI Africa is the registered holder of these two prospecting licenses. These concessions are subject to a 10% interest held by the Ghanaian Government.

On July 11, 2006, the Company received a one year extension to the Beposo mineral prospecting license from the Ghana Minerals Commission. The Company has received a letter renewing the Beposo prospecting license subject to the Company relinquishing 50% of the current prospecting area. In accordance with the Minerals and Mining Act, the Company has requested that the Minister of Mines exempt the Company from this requirement. The Beposo license area remains intact until a determination has been received from the Minister of Mines as to whether the Company will be required to relinquish or not.

In November 2007, the Company received a one year extension to the Anuoro mineral prospecting license which is contiguous to the Beposo concession by paying \$7,765 (US\$7,500).

Golden Reef

Effective July 18, 2007, the Company entered into an option agreement with Golden Reef Resources Ltd. to acquire a 100% interest in the Golden Reef property located in Ghana in exchange for USD\$16,500 (paid) within 15 days of execution of the agreement and a further USD\$100,000 by August 1, 2008. Golden Reef would retain a 2% net smelter royalty ("NSR") which could be purchased at any time for USD\$500,000. The property would be subject to a 10-per-cent carried interest by the government of Ghana.

Obuom

The Company entered into a letter agreement dated September 14, 2007 with Golden Star Resources Ltd. ("GSRL") to purchase GSRL's 54% interest in its application for a prospecting license for the Obuom property, Ghana, in exchange for up to 2,850,000 common shares of the Company and granting a 2% NSR. The interest may be in the form of a 54% direct interest in the property; through the issuance of a prospecting license for the property, or through the holding of 54% of the shares of Obuom Goldfields Ltd. (a company owned by GSRL and Edward Boohene). Upon the issue of a license by the Ghanaian Ministry of Mines and Forestry the Company must issue 1,850,000 common shares to GSRL. The remaining 1,000,000 shares will be issued upon delineation of at least 200,000 ounces of gold. If all valid licenses and permits are not obtained by March 31, 2009, this agreement shall terminate unless extended by both parties.

The Company has also entered into a letter agreement dated July 17, 2007 with Edward Boohene and Centre Properties Ltd. (a Ghanaian corporation) to purchase their 46% interest in the Obuom property by paying US\$250,000 on execution of a definitive agreement and receipt of a valid license and required permits, US\$750,000 upon completion of a bankable feasibility study, and granting a 2.5% NSR. Any portion of the 2.5% NSR can be purchased by the Company at any time upon payment of US\$1,000,000 for each 1% of the NSR.

Upon completion, AMI would own a 100-per-cent interest in Obuom, subject to a 10-per-cent carried interest by the government of Ghana. Both of these agreements are subject to the receipt of valid licenses and permits from the Ghanaian government which to May 30, 2008 have not been received.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

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- a) The Company incurred \$117,500 (2007 - \$90,000) in management fees to a private company controlled by a director and officer. At February 29, 2008 an amount of \$10,500 is included in prepaids.
- b) The Company incurred \$117,500 (2006 - \$90,000) in consulting fees to a private company controlled by a director. At February 29, 2008 an amount of \$10,500 is included in prepaids.
- c) The Company incurred \$2,449 (2007 - \$16,932) in legal fees to a law firm in which a director of the Company is a partner. At February 29, 2008, \$2,587 (2007 - \$16,932) remains owing to this law firm.
- d) At February 29, 2008 an amount of \$21,537 (2007 - \$nil) is owing to directors for expenses incurred on behalf of the Company.
- e) The Company incurred \$64,000 (2007 - \$37,000) in director fees. At February 29, 2008, a total of \$10,000 (2007 - \$12,000) remains owing to the directors.
- f) A director of the Company owes \$25,000 for the exercise of 100,000 stock options at \$0.25 per share. This amount is being repaid at \$5,000 per month commencing June 1, 2008.
- g) The Company charged a corporation, which shares 3 common directors, a total of \$16,000 in administrative service fees. At February 29, 2008, a total of \$4,000 (2007 - \$nil) remains owing to the Company. This amount is included in office and general expenses.
- h) The Company incurred \$30,000 (2007 - \$30,000) in accounting fees to a company controlled by a director.
- i) Refer to Note 7.

Amounts due to or from related parties are unsecured, non-interest bearing and repayment is anticipated during the ensuing year. All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**NOTE 7 – NOTE PAYABLE**

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The Company had a note payable to a Canadian public company with directors in common. The note bore compound interest at 6%, payable quarterly and was due upon demand. During the year ended February 28, 2007, the principal balance of \$5,802 and all accrued interest was repaid in full.

**NOTE 8 - SHARE CAPITAL**

Authorized:

Unlimited common shares without par value  
Unlimited preferred shares without par value

	Shares	Value	Contributed Surplus
Common shares issued:			
Balance at February 28, 2006	13,956,186	\$ 3,111,496	\$ 852,755
Issued during the year:			
- for cash by a private placement at \$0.25 per share	4,000,000	850,559	149,441
- share issuance costs	-	(161,930)	44,762
- corporate finance fee units	80,000	20,000	-
- for cash by share purchase warrants exercised at \$0.25	99,625	24,906	-
- for cash by share purchase warrants exercised at \$0.40	1,650,700	660,280	-
- fair value of share purchase warrants exercised	-	71,214	(71,214)
- for cash by a private placement at \$0.20 per share	11,000,000	1,679,104	520,896
- share issuance costs	-	(363,733)	190,679
- stock based compensation	-	-	162,478
Balance at February 28, 2007	30,786,511	5,891,896	1,849,797
Issued during the year:			
- for cash by share purchase warrants exercised at \$0.25	161,525	40,381	-
- for cash by share purchase warrants exercised at \$0.40	734,000	293,600	-
- fair value of share purchase warrants exercised	-	47,980	(47,980)
- for cash by stock options exercised at \$0.25 per share	520,000	130,000	-
- fair value of stock options exercised	-	139,697	(139,697)
- stock based compensation	-	-	612,649
Balance at February 29, 2008	32,202,036	\$ 6,543,554	\$ 2,274,769

During the year ended February 28, 2007, the Company completed a private placement of 4,000,000 units at a price of \$0.25 per unit for proceeds of \$1,000,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitled the holder to acquire an additional common share at a price of \$0.40 per share until March 17, 2007 (3,160,000 units) and March 28, 2007 (840,000 units). The fair value of the warrants was estimated to be \$149,441 net of issue costs, based on Black-Scholes option pricing model that assumed an expected life of 1 year, a risk-free interest rate of 4.25%, a dividend yield of NIL and an expected volatility of 90%. The Company paid a cash commission of \$70,000, a corporate finance fee of \$20,000 in units which consist of a common share and a warrant that carries the same terms and conditions as the unit warrant, costs of \$27,168 in cash and issued 280,000 agent's units (valued at \$44,762) which are exercisable at \$0.25 into a common share and a share purchase warrant that carries the same terms and conditions as the unit warrants.

During the year ended February 28, 2007, the Company completed a private placement of 11,000,000 units at a price of \$0.20 per unit for proceeds of \$2,200,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitled the holder to acquire an additional common share at a price of \$0.40 per share until December 21, 2008. The fair value of the warrants was estimated to be \$520,896 net of issue costs, based on Black-Scholes option pricing model that assumed an expected life of 2 years, a risk-free interest rate of 4.25%, a dividend yield of NIL and an expected volatility of 104%. The Company paid a cash commission of \$160,000, costs of \$13,054 in cash and issued 1,000,000 agent's units (valued at \$190,679) which are exercisable at \$0.20 into a common share and a share purchase warrant that carries the same terms and conditions as the unit warrants.

**NOTE 8 - SHARE CAPITAL (continued)**

**Stock options**

At February 29, 2008, the Company had outstanding incentive stock options to directors and employees entitling the holders to purchase an aggregate of 3,650,000 common shares as follows:

Options	Exercise Price	Expiry Date
650,000	\$ 0.25	March 28, 2011
550,000	\$ 0.40	March 19, 2012
250,000	\$ 0.40	May 31, 2012
<u>2,200,000</u>	\$ 0.34	October 2, 2012
<u>3,650,000</u>		

A summary of the Company's stock options as of February 29, 2008 and changes during the year are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)	Weighted Average Grant Date Fair Value
Balance, February 28, 2006	1,695,000	\$ 0.25	1.57	0.32
Granted	1,050,000	0.31	5.00	0.22
Balance, February 28, 2007	<u>2,745,000</u>	<u>0.27</u>	<u>2.06</u>	<u>0.28</u>
Granted	3,400,000	0.35	5.00	0.24
Cancelled	(800,000)	0.38	-	0.26
Exercised	(520,000)	0.25	-	0.27
Expired	(1,175,000)	0.25	-	0.34
Balance, February 29, 2008	<u>3,650,000</u>	<u>\$ 0.34</u>	<u>4.22</u>	<u>0.23</u>

On March 20, 2007 the Company granted 550,000 stock options exercisable at a price of \$0.40 per share with a fair value of \$147,168 which was estimated using the Black-Scholes option pricing model assuming an expected life of 4.07 years, a risk-free interest rate of 4.00%, a nil dividend yield and an expected volatility of 91%. These options have fully vested and the Company recorded a stock based compensation expense of \$147,168 during the year ended February 29, 2008.

On March 31, 2007 the Company granted 250,000 stock options exercisable at a price of \$0.40 per share with a fair value of \$65,894 which was estimated using the Black-Scholes option pricing model assuming an expected life of 4.07 years, a risk-free interest rate of 4.50%, a nil dividend yield and an expected volatility of 92%. These options have fully vested and the Company recorded a stock based compensation expense of \$65,894 during the year ended February 29, 2008.

On October 2, 2007 the Company granted 2,600,000 stock options exercisable at a price of \$0.34 per share with a fair value of \$595,413 which was estimated using the Black-Scholes option pricing model assuming an expected life of 4.07 years, a risk-free interest rate of 4.25%, a nil dividend yield and an expected volatility of 91%. These options have partially vested and the Company recorded a stock based compensation expense of \$330,785 during the year ended February 29, 2008. The remaining balance of the option value of \$264,628 will be recorded when the options vest in the 2009 fiscal year.

During the year ended February 28, 2007 the Company granted 650,000 stock options exercisable at a price of \$0.25 per share with a fair value of \$113,333 which was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 4.25%, a nil dividend yield and an expected volatility of 79%. The Company recorded a stock based compensation expense of \$113,333 during the year ended February 28, 2007.

**NOTE 8 - SHARE CAPITAL (continued)**

During the year ended February 28, 2007 the Company granted 400,000 stock options exercisable at a price of \$0.25 per share which vested over a period of nine months with a fair value of \$117,947 which was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 4.25%, a nil dividend yield and an expected volatility of 90%. The Company recorded a stock based compensation expense of \$49,145 relating to options vested during 2007 and recorded a further \$68,802 in the current year.

**Warrants**

At February 29, 2008, the Company had outstanding warrants entitling the holders to purchase an aggregate of 11,400,000 common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
1,000,000 <sup>1</sup>	\$ 0.20	December 21, 2008
10,400,000	\$ 0.40	December 21, 2008
<u>11,400,000</u>		

<sup>1</sup> Denotes Agent's warrants. Each Agent's warrant is exercisable into one common share at \$0.20 per share and one additional share purchase warrant entitling the holder to acquire another common share at \$0.40 per share until December 21, 2008.

A summary of the Company's outstanding warrants as of February 29, 2008 are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)	Weighted Average Grant Date Fair Value
Balance, February 28, 2006	-	\$ -	-	-
Issued	16,459,625	0.39	1.91	0.05
Exercised	(1,750,325)	0.39	1.93	0.04
Balance, February 28, 2007	<u>14,709,300</u>	<u>0.39</u>	<u>1.90</u>	<u>0.05</u>
Issued	161,525	0.40	-	0.05
Exercised	(895,525)	0.36	0.60	0.05
Expired	(2,575,300)	0.40	-	0.05
Balance, February 29, 2008	<u>11,400,000</u>	<u>\$ 0.38</u>	<u>0.81</u>	<u>0.05</u>

**NOTE 9 - INCOME TAXES**

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate statutory income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	2008	2007
Loss before income taxes	\$ (1,277,902)	\$ (607,388)
Corporate statutory tax rate	<u>33.6%</u>	<u>34.1%</u>
Expected tax expense (recovery)	(429,631)	(207,119)
Increase (decrease) resulting from:		
Non-deductible items	205,973	61,401
Items deductible for tax purposes	(3,584)	(26,353)
Unrecognized benefit of non-capital losses	<u>239,592</u>	<u>172,071</u>
Effective income tax provision	<u>\$ -</u>	<u>\$ -</u>

**NOTE 9 – INCOME TAXES (continued)**

The significant components of the Company's tax effected future income tax assets and liabilities are as follows:

	2008	2007
Resource deductions in excess of book value	\$ 159,003	\$ 208,539
Non-capital losses carry-forward	672,832	667,653
Share issuance costs	45,275	79,173
Equipment	8,577	-
Potential future income tax assets	885,687	955,364
Less: valuation allowance	(885,687)	(955,364)
Net future income tax asset	\$ -	\$ -

The Company has Canadian non-capital loss carryforwards of approximately \$2,573,000 (2007 - \$1,934,000) which can be applied to reduce future taxable income in Canada and expiring as follows:

Year	Amount
2009	\$ 154,000
2010	205,000
2014	498,000
2015	284,000
2026	256,000
2027	514,000
2028	677,000
	<u>\$2,588,000</u>

In addition, as at February 29, 2008 the Company has foreign exploration and development expenditures amounting to approximately \$4,800,000 that may be available to reduce future taxable income. These can be carried forward indefinitely.

Due to the uncertainty of realization of these loss carry-forwards and resource tax pools, the benefits are not reflected in the financial statements as the Company has provided a full valuation allowance for the future tax assets resulting from these items.

**NOTE 10 – COMMITMENTS**

The Company has the following outstanding commitments:

- a) The Company rented office space at a monthly cost of \$2,111 until June, 2008.
- b) The Company entered into a 12 month management and services contract with SEMS Exploration Services Ltd. ("SEMS"), a consulting firm owned by Simon Meadows Smith. The Company will pay SEMS US\$2,000 per month plus technical consulting fees. Simon Meadows Smith is the chief geologist and the qualified person under NI 43-101 for the Company.
- c) The Company entered into a management contract with a private company controlled by the president. The contract has a term of two years and provides for aggregate compensation of \$10,000 per month.
- d) The Company entered into a management contract with a private company controlled by the Chief Financial Officer. The contract has a term of two years and provides for aggregate compensation of \$10,000 per month.

**NOTE 11 – SUBSEQUENT EVENTS**

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Subsequent to year end, the Company entered into a three year lease agreement for office premises commencing July 1, 2008. Basic lease payments total \$20,975 in year one, \$22,653 in year two and \$24,331 in year three. In addition, estimated operating costs total \$18,458 per year.

**NOTE 12 – SEGMENTED INFORMATION**

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The Company's assets are located in the following geographic locations:

	<u>2008</u>	<u>2007</u>
Canada	\$ 1,043,917	\$ 2,394,084
Ghana	<u>4,301,349</u>	<u>2,954,331</u>
	<u>\$ 5,345,266</u>	<u>\$ 5,348,415</u>