

SOLEX RESOURCES CORP.
(An Exploration Stage Company)

Consolidated Financial Statements
June 30, 2007 and 2006

<u>Index</u>	<u>Page</u>
Auditors' Report to the Shareholders	1
Financial Statements	
Consolidated Balance Sheets	2
Consolidated Statements of Operations and Deficit	3
Consolidated Statements of Cash Flows	4
Notes to the Consolidated Financial Statements	5-18

420 – 609 Granville Street
Vancouver, BC V7Y 1G5
Tel: (604) 646 - 7210
Fax: (604) 688 - 8552

Contact: Tony Wood

AUDITORS' REPORT

TO THE SHAREHOLDERS OF SOLEX RESOURCES CORP. (An Exploration Stage Company)

We have audited the consolidated balance sheets of Solex Resources Corp. (An Exploration Stage Company) as at June 30, 2007 and 2006 and the consolidated statements of operations and deficit 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 June 30, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in conformity with Canadian generally accepted accounting principles.

"Smythe Ratcliffe LLP" (signed)

Chartered Accountants

Vancouver, British Columbia
September 28, 2007

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Consolidated Balance Sheets
June 30

	2007	2006
		(note 2)
ASSETS		
Current		
Cash and cash equivalents	\$ 11,285,983	\$ 1,807,413
Accounts receivable	68,795	68,298
Other receivables	118,582	24,402
Prepaid expenses	43,898	52,550
Advances for exploration	201,777	36,588
	<u>11,719,035</u>	<u>1,989,251</u>
Long-term investment (note 5)	436,000	211,000
Property and equipment (note 7)	196,359	80,156
Resource properties (note 6)	5,200,538	1,389,696
	<u>\$ 17,551,932</u>	<u>\$ 3,670,103</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 355,871	\$ 95,278
SHAREHOLDERS' EQUITY		
Share capital (note 8(b))	21,331,717	5,731,412
Contributed surplus (note 8(c))	2,917,702	543,732
Deficit	(7,053,358)	(2,700,319)
	<u>17,196,061</u>	<u>3,574,825</u>
	<u>\$ 17,551,932</u>	<u>\$ 3,670,103</u>

Nature and continuance of operations (note 1)
 Commitment (note 12)
 Subsequent events (note 14)

APPROVED BY THE DIRECTORS:

"Jonathan Challis", President and Director

"Robert Boaz", Independent Chairman and Director

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Consolidated Statements of Operations and Deficit
For the years ended June 30

	2007	2006
		(note 2)
Administrative costs		
Amortization	\$ 30,612	\$ 5,504
Bank charges and interest	4,002	3,710
Consulting fees	350,263	264,979
Filing and transfer agent fees	92,062	44,988
Foreign exchange	52,853	8,464
Investor relations	445,829	243,492
Management fees	105,000	148,680
Office, rent and miscellaneous	238,573	190,303
Professional fees	159,895	112,359
Stock option compensation (note 8(e))	2,331,485	522,267
Travel and entertainment	162,451	156,331
Wages and salaries	397,367	254,748
	<hr/>	<hr/>
Loss before other items	4,370,392	1,955,825
Other items		
Property investigation costs	-	67,525
Property disposal loss/(gain), net	183,207	(153,418)
Interest income	(200,560)	(19,279)
	<hr/>	<hr/>
Net loss for the year	4,353,039	1,850,653
Deficit, beginning of year	<u>2,700,319</u>	<u>849,666</u>
Deficit, end of year	\$ <u><u>7,053,358</u></u>	\$ <u><u>2,700,319</u></u>
Loss per share	\$ <u><u>0.09</u></u>	\$ <u><u>0.07</u></u>
Weighted average number of common shares outstanding	<u><u>46,370,126</u></u>	<u><u>26,737,106</u></u>

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
For the years ended June 30

	2007	2006 (note 2)
Operating activities		
Net loss for the year	\$ (4,353,039)	\$ (1,850,653)
Add items not involving cash		
Amortization	30,612	5,504
Stock option compensation	2,331,485	522,267
Cost recovery on resource properties	69,255	21,582
Write-off of resource property	338,952	-
Proceeds on property disposal	(225,000)	(175,000)
	<u>(1,807,735)</u>	<u>(1,476,300)</u>
Changes in non-cash working items (operations)		
Accounts receivable	(497)	(68,298)
Other receivables	(94,180)	(13,974)
Prepaid expenses	8,652	(52,550)
Accounts payable and accrued liabilities	34,762	74,988
	<u>(1,858,998)</u>	<u>(1,536,134)</u>
Cash used in operating activities		
Financing activities		
Issue of common shares	16,196,087	3,720,442
Share issuance costs	(712,297)	(80,683)
	<u>15,483,790</u>	<u>3,639,759</u>
Cash provided by financing activities		
Investing activities		
Advances for exploration	(165,189)	167,587
Resource property expenditures	(3,834,218)	(896,766)
Acquisition of property and equipment	(146,815)	(75,307)
	<u>(4,146,222)</u>	<u>(804,486)</u>
Cash used in investing activities		
Increase in cash	9,478,570	1,299,139
Cash and cash equivalents, beginning of year	1,807,413	508,274
	<u>11,285,983</u>	<u>1,807,413</u>
Cash and cash equivalents, end of year	\$ <u>11,285,983</u>	\$ <u>1,807,413</u>

Supplemental disclosure with respect to cash flows (note 11)

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the years ended June 30, 2007 and 2006

1. NATURE AND CONTINUANCE OF OPERATIONS

Solex Resources Corp. (the "Company") is an exploration stage company engaged in the acquisition, exploration and development of mineral properties.

The recovery of amounts shown as acquisition costs of mineral properties and the related deferred exploration costs for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development, and upon future profitable operations from the properties or proceeds from the disposition thereof.

These financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The Company's ability to continue as a going-concern is dependent on the Company being able to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral interests, the attainment of profitable mining operations, and, or the receipt of proceeds from the disposition of its mineral property interests. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going-concern.

2. COMPARATIVE FIGURES

Certain of the comparative figures are reclassified to conform to the current year's presentation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Basis of presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Solex Del Peru Sociedad Anonima Cerrada ("Solex Del Peru"). All intercompany balances and transactions have been eliminated. Solex Del Peru was incorporated in Peru on October 25, 2005.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with maturities at point of purchase of 90 days or less. The Company places its cash and cash equivalents with institutions of high credit worthiness.

(c) Long-term investment

Long-term investments are recorded at cost and are written down if assessed by management that there is a permanent decline in value.

(d) Resource properties

The Company defers all costs related to investments in mineral interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse.

All deferred resource property expenditures are reviewed annually, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

A portion of the Company's exploration activities is conducted jointly with others when the Company enters into agreements that provide for specified percentage interests in mineral properties. Joint venture accounting, which reflects the Company's proportionate interest in mineral properties is applied by the Company only when the parties enter into formal comprehensive agreements for ownership and mining participation terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Amortization

Property and equipment are recorded at cost. Amortization is provided using the following methods and annual rates:

Furniture and fixtures	20% declining balance
Computer equipment	30% declining balance
Field equipment	30% declining balance
Computer software	100% declining balance
Leasehold improvements	Straight-line over term of lease

Additions during the year are amortized on a pro-rata basis based on the annual amortization amount.

(f) Foreign currency translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- (i) Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- (ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- (iii) Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the average rate of exchange for the year.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss for the year.

(g) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantially assumed. The amount of future income tax assets is limited to the amount of the benefit that is more likely than not to be realized.

(h) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

However, diluted loss per share is not presented where the effects of various conversions and exercise of options and warrants would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(i) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates 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. Significant areas requiring the use of management estimates include the determination of environment obligations, asset retirement obligations, accrued liabilities, rates for amortization, the impairment of mineral property interests, valuation allowance for future tax assets and the estimates used in the calculation of stock-based compensation. While management believes the estimates used are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Stock-based compensation

The Company accounts for stock-based compensation expense using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, stock-based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to contributed surplus under shareholders' equity. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to capital stock.

(k) Asset retirement obligation

The Company recognizes an estimate of the liability associated with an asset retirement obligation ("ARO") in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a straight-line basis over the estimated life of the asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. At present, the Company has determined that it has no material AROs to record in the financial statements.

4. FINANCIAL INSTRUMENTS

(a) Fair value

The carrying values of cash and cash equivalents, accounts receivable, other receivables, and accounts payable and accrued liabilities approximate their fair values because of the short-term maturity of these financial instruments.

The fair value of the long-term investment approximates its quoted market value.

(b) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

(c) Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents and accounts receivable; however, this is minimized as cash and cash equivalents are placed with major financial institutions.

(d) Currency risk

The Company is exposed to currency risk as the Company's exploration expenditures are incurred predominately in US dollars and management does not utilize derivatives or apply other techniques to manage the foreign currency risk.

(e) Derivatives

The Company retains and/or has obligations related to certain carried interest rights and net smelter royalties, the value of which is derived from future events and commodity prices. These rights are derivative instruments. However, the mineral interests to which they relate are not sufficiently developed to reasonably determine value.

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the years ended June 30, 2007 and 2006

5. LONG-TERM INVESTMENT

Frontier Pacific Mining Corporation	June 30, 2007		June 30, 2006	
	Number of Shares	Amount	Number of Shares	Amount
(Market - \$630,000; 2006 - \$189,000)	750,000	\$ 436,000	450,000	\$ 211,000

On April 26, 2007, the Company received an option payment of 300,000 common shares from Froniter Pacific Mining Corporation ("Frontier Pacific"). These shares were recorded at a fair market value of \$225,000. The option agreement is described in note 6(c).

6. RESOURCE PROPERTIES

(a) Princesa-Pilunani Belt properties, southeastern Peru

The Princesa-Pilunani Belt properties consist of 16 contiguous or closely adjacent claims totalling 13,100 hectares, containing the following:

Princesa-Pilunani Belt Property Claim List		
Pilunani claim	One claim 1,000 hectares	Acquired by agreement (note 6(a)(i))
Princesa claims	Five claims 2,500 hectares	Acquired by staking (note 6(a)(ii))
Other Princesa-Pilunani belt properties	Ten claims 9,600 hectares	Acquired by staking

- (i) Pursuant to an acquisition agreement dated April 26, 2004, the Company purchased a 100% undivided interest in a 1,000 hectare mineral property, which was 50% owned by Mr. Sebastian Reidl, Chairman, CEO and director (resigned on February 1, 2007) of the Company, located in the Puno Mining District, south-eastern Peru. As consideration, the Company paid US \$50,000 cash and issued 5,000,000 Series P special warrants subsequently converted to 5,000,000 common shares.
- (ii) In August 2005, the Company increased its holdings in the Pilunani area by staking the Princesa properties in an area northwest of the main Pilunani claim.
- (iii) In August 2005, the Company acquired an option to own up to a 100% interest in the Asnune and Carcuta properties totalling 1,000 hectares with option payments of \$195,000 and 3,000,000 common shares payable over five years. Management has decided not to proceed further with the option agreements, resulting in a write-off of \$338,952, including \$159,000 attributable to the issuance of 300,000 shares.

(b) Cullquimayo properties, southern Peru

The Cullquimayo properties consist of 13 claims, totalling 8,400 hectares. Of this amount, four claims totalling 3,300 hectares were acquired by staking during the year ended June 30, 2007.

Pursuant to an May 2005 agreement, a further three properties totalling 1,600 hectares were acquired under an option requiring an initial payment of US \$5,000 per property (paid), payments of US \$10,000 per property in years two (paid) and three (paid), and US \$50,000 per property in year four.

In 2006, the Company also acquired two properties totalling 1,700 hectares by staking.

The initial four claims totalling 1,800 hectares were acquired by staking in 2005.

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the years ended June 30, 2007 and 2006

6. RESOURCES PROPERTIES (Continued)

- (c) Macusani East Joint Ventured properties, southern Peru

During and after the year ended June 30, 2005, 72 properties were staked covering a 47,820 hectare area.

On May 31, 2005, the Company entered into an option management agreement with Frontier Pacific (TSX.V - FRP) whereby, Frontier Pacific can earn a 50% interest in certain of the exploration mineral concessions for periodic payments totalling US \$50,000 cash, 1,500,000 shares and US \$4,000,000 in expenditures over a five-year period.

Subsequent to the year-end, Frontier Pacific has informed that they have deemed to have completed US \$4,000,000 in expenditures. The detail is described in note 14(a). Receipt of consideration is as follows:

Joint Venture Earn-in Schedule

Time	Payment (US \$)	Expenditure (US \$)	Earn-in
	200,000 Shares *		
April 26, 2005	and US \$50,000 *	N/A	
April 26, 2006	250,000 Shares *	\$ 400,000 **	
April 26, 2007	300,000 Shares *	350,000 **	
April 26, 2008	350,000 Shares	500,000 **	
April 26, 2009	400,000 Shares	900,000 **	
April 26, 2010	Nil	1,850,000 **	
Total	1,500,000 Shares	\$ 4,000,000	50%

*Received ** Expenditure completed

- (d) Macusani West properties, southern Peru

The Macusani West properties consist of 50 claims, totalling 42,600 hectares.

During the year ended June 30, 2006, 37 claims totalling 32,300 hectares were staked.

During the year ended June 30, 2007, 13 properties totalling 10,300 hectares were acquired by staking.

- (e) Picotani properties, southern Peru

The Picotani properties lie to the east of the Princesa-Pilunani Belt. During 2006, two claims totalling 1,706 hectares were acquired through staking.

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the years ended June 30, 2007 and 2006

6. RESOURCES PROPERTIES (Continued)

(f) Resource property expenditures for year ended June 30, 2007:

	Pilunani-Princesa Belt	Cullquimayo	Macusani East	Macusani West	Picotani	Totals
Balances, June 30, 2006	\$ 1,070,835	\$ 116,750	\$ -	\$ 135,433	\$ 66,678	\$ 1,389,696
Acquisition costs	260,263	88,170	15,329	185,397	17,442	566,601
Deferred Exploration Costs						
Assaying	29,211	8,758	-	2,134	-	40,103
Geology/Engineering	44,390	65,778	2,803	58,621	8,351	179,943
Geophysics	155,193	-	-	-	12,026	167,219
Drilling	1,142,489	-	-	-	-	1,142,489
Field works	606,278	10,410	748	19,452	2,747	639,635
Logistics	528,726	-	-	-	-	528,726
Consulting	579,282	29,788	49,309	88,073	64,556	811,008
Travel and accommodation	104,182	11,425	1,066	20,925	5,727	143,325
Total Spending	3,450,014	214,329	69,255	374,602	110,849	4,219,049
Cost recovery	-	-	(69,255)	-	-	(69,255)
Write-off resource property	(338,952)	-	-	-	-	(338,952)
Balances, June 30, 2007	\$ 4,181,897	\$ 331,079	\$ -	\$ 510,035	\$ 177,527	\$ 5,200,538

Resource property expenditures for year ended June 30, 2006:

	Pilunani-Princesa Belt	Cullquimayo	Macusani East	Macusani West	Picotani	Totals
Balances, June 30, 2005	\$ 499,703	\$ 14,809	\$ -	\$ -	\$ -	\$ 514,512
Acquisition costs	181,953	34,400	-	126,561	59,158	402,072
Deferred Exploration Costs						
Assaying	10,786	6,306	6,033	-	-	23,125
Geology/Engineering	31,649	11,070	42,406	-	-	85,125
Field works	193,290	20,763	320,575	407	5,992	541,027
Consulting	122,503	22,259	52,810	8,433	1,511	207,516
Travel and accommodation	30,951	7,143	54,533	32	17	92,676
Total Spending	571,132	101,941	476,357	135,433	66,678	1,351,541
Cost recovery	-	-	(476,357)	-	-	(476,357)
Balances, June 30, 2006	\$ 1,070,835	\$ 116,750	\$ -	\$ 135,433	\$ 66,678	\$ 1,389,696

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the years ended June 30, 2007 and 2006

6. RESOURCES PROPERTIES (Continued)

(g) Realization of assets

The investment in and expenditures on resource properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

(h) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

(i) Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

7. PROPERTY AND EQUIPMENT

	June 30, 2007			June 30, 2006		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Furniture and fixtures	\$ 51,834	\$ 5,198	\$ 46,636	\$ 8,078	\$ 3,110	\$ 4,968
Computer equipment	24,601	6,811	17,790	12,076	3,604	8,472
Field equipment	142,644	25,186	117,458	68,384	2,564	65,820
Computer software	3,215	2,120	1,095	1,024	128	896
Leasehold improvements	14,084	704	13,380	-	-	-
	\$ 236,378	\$ 40,019	\$ 196,359	\$ 89,562	\$ 9,406	\$ 80,156

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the years ended June 30, 2007 and 2006

8. SHARE CAPITAL

- (a) Authorized
 Unlimited common shares without par value
- (b) Issued

	June 30, 2007		June 30, 2006	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of year	35,035,001	\$ 5,731,412	21,309,834	\$ 2,086,860
Pursuant to private placements (notes 8 (b), (i), (ii), (iii) and (iv))	13,545,454	12,350,000	4,337,500	1,434,500
Pursuant to exercise of warrants	6,678,744	3,350,487	8,782,667	2,200,542
Share issuance costs	-	(998,497)	-	(94,177)
Shares issued from exercise of options	1,475,000	495,600	655,000	91,900
Shares cancelled	-	-	(50,000)	(6,500)
Shares issued pursuant to property acquisitions	300,000	159,000	-	-
Reclassification of contributed surplus on exercise of options	-	243,715	-	18,287
Balance, end of year	57,034,199	\$ 21,331,717	35,035,001	\$ 5,731,412

- (i) On February 27, 2007, the Company raised aggregate gross proceeds of \$10,350,000 and issued a total of 9,000,000 units at \$1.15 per unit. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share of the Company at \$1.60 for a period of 18 months from closing. The Company has the right to accelerate the expiry date of the warrants should the common shares of the Company trade at or above a price of \$2.25 per share for 20 consecutive trading days at any time after four months and one day after the closing date.

The agents have been paid a cash commission of 6.5% of the gross proceeds from the sale of the units and have been issued 540,000 broker warrants. Each broker warrant entitles the holder to purchase one common share of the Company at \$1.20 for a period of 12 months from closing. The agents' warrants were fair valued as a share issuance cost of \$286,200, using the Black-Scholes option pricing model with the following assumptions: no dividends are paid, a volatility of the Company's share price of 91%, and expected life of the warrants of twelve months and an annual risk free rate of 3.93%. Legal and other share issuance costs of \$39,547 were incurred.

- (ii) On August 22, 2006, the Company completed a private placement issuing 4,545,454 units for a total of \$2,000,000. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.75 per share for 18 months. In the event that the common shares of the Company trade on the TSX Venture Exchange ("TSX") at a price of \$1.00 or higher for 21 consecutive trading days, the placee will be obligated to exercise the warrant within 30 calendar days or the warrant will be cancelled.

On January 22, 2007, following a period where the Company's shares traded above \$1.00 for 21 consecutive days, 2,197,927 warrants for proceeds of \$1,648,445 were exercised.

- (iii) On March 2, 2006, the Company closed a non-brokered private placement for the purchase of 1,000,000 units, at a price of \$0.50 per unit for gross proceeds of \$500,000. Each unit consists of one common share and one-half of one warrant. Each full warrant entitles the holder to acquire one common share at a price of \$0.75 for a period of 18 months. There were 60,000 agents' warrants issued, which are exercisable at \$0.75 for a period of 18 months. The agents' warrants were fair valued as a share issuance cost of \$13,494, using the Black-Scholes option pricing model and debited against share capital as share issue costs. In the event that the common shares of the Company trade on the TSX at a price of \$1.00 or higher for 21 consecutive trading days, the placee will be obligated to exercise the warrant within 30 calendar days or the warrant will be cancelled.

On January 22, 2007, following a period where the Company's shares traded above \$1.00 for 21 consecutive days, 560,000 warrants for gross proceeds of \$420,000 were exercised.

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the years ended June 30, 2007 and 2006

8. SHARE CAPITAL (Continued)

(b) Issued (Continued)

(iv) On December 29, 2005, the Company closed a non-brokered private placement for the purchase of 3,337,500 units at a price of \$0.28 per unit for gross proceeds of \$934,500. Each unit consists of one common share and one-half of one warrant. Each full warrant entitles the holder to acquire one common share at a price of \$0.40 for a period of 18 months. In the event that the common shares of the Company trade on the TSX at a price of \$0.55 or higher for 21 consecutive trading days, the placee will be obligated to exercise the warrant within 30 calendar days or the warrant will be cancelled.

On November 28, 2006, following a period where the Company's shares traded above \$0.55 for 21 consecutive days 1,376,250 warrants for gross proceeds of \$550,500 were exercised. An additional 260,000 warrants were exercised for \$104,000 during the year ended June 30, 2007.

(v) During the year ended June 30, 2007, 564,000 warrants were exercised at a price of \$0.35 per share for proceeds of \$197,400 and 1,720,567 warrants were exercised at a price of \$0.25 per share for proceeds of \$430,142.

(c) Contributed surplus

Contributed surplus from exercise of options	
Balance, June 30, 2005	\$ 26,258
Stock-based compensation	522,267
Reclassification of contributed surplus on exercise of options	(18,287)
Share issuance cost	13,494
Balance, June 30, 2006	543,732
Stock-based compensation	2,331,485
Reclassification of contributed surplus on exercise of options	(243,715)
Share issuance cost	286,200
Balance, June 30, 2007	\$ 2,917,702

(d) Warrants

The following summarizes the warrants that have been granted, exercised, cancelled or expired during the years ended June 30, 2007 and 2006:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2005	11,034,734	\$ 0.25
Granted	2,228,750	\$ 0.49
Exercised	(8,782,667)	\$ 0.25
Balance, June 30, 2006	4,480,817	\$ 0.37
Granted	7,312,727	\$ 1.31
Exercised	(6,678,744)	\$ 0.50
Expired	(74,800)	\$ 0.75
Balance, June 30, 2007	5,040,000	\$ 1.55

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the years ended June 30, 2007 and 2006

8. SHARE CAPITAL (Continued)

(d) Warrants (Continued)

The Company had share purchase warrants outstanding as follows:

Expiry Date	Exercise Price	Number of Shares	
		June 30, 2007	June 30, 2006
September 20, 2006	\$ 0.25	-	1,720,567
April 28, 2006 and 2007	\$ 0.25/\$ 0.35	-	564,000
June 29, 2007	\$ 0.40	-	1,636,250
August 25, 2007	\$ 0.75	-	560,000
February 16, 2008	\$ 0.75	-	-
August 27, 2008	\$ 1.60	4,500,000	-
February 27, 2008	\$ 1.20	540,000	-
		5,040,000	4,480,817

(e) Stock options

The following summarizes the options that have been granted, exercised, cancelled or expired during the years ended June 30, 2007 and 2006:

	Number of Shares	Weighted Average Exercise Price Per Share
Balance, June 30, 2005	1,180,000	\$ 0.13
Options granted	2,560,000	\$ 0.47
Options exercised	(655,000)	\$ 0.14
Options reversed	50,000	\$ 0.13
Options cancelled	(80,000)	\$ 0.40
Balance, June 30, 2006	3,055,000	\$ 0.41
Options granted	3,215,000	\$ 1.19
Options exercised	(1,475,000)	\$ 0.34
Options cancelled	(165,000)	\$ 0.89
Balance, June 30, 2007	4,630,000	\$ 0.96

Other than investor relations personnel, whose options vest in four equal instalments over the first 12 months, stock options vest 100% upon grant.

Stock-based awards are measured and recognized using a fair value based method. During the year ended June 30, 2007, the Company granted options to purchase up to 3,215,000 (2006 – 2,560,000) shares at the average exercise price of \$1.19 (2006 - \$0.47) per share, with an estimated combined fair value of \$2,331,485 (2006 - \$522,267) on the grant date as determined using the Black-Scholes option pricing model. Of this fair valued stock option compensation expense, \$1,588,740 attributes to the directors and officers (2006 - \$258,414) and \$212,221 attributes to the employees (2006 - \$44,708).

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the years ended June 30, 2007 and 2006

8. SHARE CAPITAL (Continued)

(e) Stock options (Continued)

The fair value of each option grant is calculated using the following assumptions:

	2007	2006
Expected life (years)	2.00	1.50 - 2.00
Interest rate	3.87% - 4.19%	4.00%
Volatility	87% - 138%	71% - 98%
Dividend yield	0.00%	0.00%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

As at June 30, 2007, the following share purchase options were outstanding:

Expiry Date	Exercise Price	Number of Shares	
		June 30, 2007	June 30, 2006
February 15, 2007	\$ 0.13	-	550,000
October 7, 2007	\$ 0.40	1,005,000	1,375,000
November 17, 2007	\$ 0.28	-	100,000
January 30, 2008	\$ 0.49	100,000	300,000
March 27, 2008	\$ 0.68	400,000	500,000
April 26, 2008	\$ 0.50	80,000	230,000
August 11, 2008	\$ 0.46	185,000	-
September 30, 2008	\$ 0.46	100,000	-
November 1, 2008	\$ 0.58	200,000	-
February 9, 2009	\$ 1.20	150,000	-
February 9, 2009	\$ 1.27	150,000	-
March 7, 2009	\$ 1.35	1,760,000	-
March 13, 2009	\$ 1.35	250,000	-
March 27, 2009	\$ 1.35	250,000	-
Total options outstanding	\$ 0.96	4,630,000	3,055,000
Total options exercisable	\$ 0.94	4,455,000	2,780,000

(f) Escrow shares

A total of 4,550,000 common shares were subject to an escrow agreement signed in 2004. Shares are subject to a time release over a three-year period as follows:

- (i) 10% - October 28, 2004 (released);
- (ii) 15% - 6 months after October 28, 2004 (released);
- (iii) 15% - 12 months after October 28, 2004 (or October 28, 2005) (released);
- (iv) 15% - 18 months after October 28, 2004 (or April 28, 2006) (released);
- (v) 15% - 24 months after October 28, 2004 (or October 28, 2006) (released);
- (vi) 15% - 30 months after October 28, 2004 (or April 28, 2007) (released); and
- (vii) 15% - 36 months after October 28, 2004 (or October 28, 2007).

On October 26, 2006, there were an additional 157,500 escrow shares added from an exercise of warrants.

- (i) 33% - October 28, 2006 (released);
- (ii) 33% - 6 months after October 28, 2006 (or April 28, 2007) (released); and
- (iii) 33% - 12 months after October 28, 2006 (or October 28, 2007)

As of June 30, 2007, the Company had released a total of 3,972,500 shares from escrow, leaving a balance of 735,000 shares still in escrow.

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the years ended June 30, 2007 and 2006

9. RELATED PARTY TRANSACTIONS

The Company has incurred charges from directors and officers of the Company and companies in which a director or an officer acts as a manager of the Company. These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

	June 30, 2007	June 30, 2006
Consulting fees paid to Jonathan Challis, president of the Company	\$ 200,000	\$ 200,000
Management fees paid to Sebastian Reidl, officer and director of the Company (resigned on February 1, 2007)	87,000	148,680
Consulting fees paid to a company controlled by Etienne Walter, director of the Company	4,800	-
Consulting fees paid to a company controlled by Deborah Thiel, officer of the Company	11,196	-
Rent paid to a company controlled by Deborah Thiel, officer of the Company	3,200	-
Management fees and rent expenses prepaid to Sebastian Reidl, officer and director of the Company (resigned on February 1, 2007)	-	18,000
	\$ 306,196	\$ 366,680

10. INCOME TAXES

The components of future income tax assets are as follows:

	2007	2006
	34.12%	34.12%
Future income tax assets		
Loss carry-forwards for		
Canadian income tax purposes	\$ 1,478,694	\$ 801,082
Excess of undepreciated capital cost over		
net book value of equipment	13,654	3,210
Tax value over book value of capitalized resource properties	(137,359)	(83,108)
Undeducted share issuance costs	217,456	31,788
	1,572,445	752,972
Valuation allowance	(1,572,445)	(752,972)
	\$ -	\$ -

The valuation allowance reflects the Company's estimate that the tax assets, more likely than not, will not be realized.

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the years ended June 30, 2007 and 2006

10. INCOME TAXES (Continued)

The Company has available approximate capital losses of \$40,000 and non-capital losses of \$4,314,000 that may be carried forward to apply against future years' income for Canadian income tax purposes. The non-capital losses expire as follows:

Available to	Amount
2014	\$ 278,000
2015	572,000
2026	1,498,000
2027	1,966,000
	\$ 4,314,000

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2007	2006
	34.12%	34.12%
Income tax benefit computed at Canadian statutory rates	\$ 1,485,257	\$ 631,443
Permanent differences		
Stock option compensation	(795,503)	(178,198)
Meals and entertainment	(2,355)	(1,206)
Temporary differences not recognized in year	(16,611)	59,614
Unrecognized tax losses	(670,788)	(511,653)
	\$ -	\$ -

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not affect cash flows are excluded from the statements of cash flows.

During 2007, the following transactions were excluded:

- (a) 300,000 shares of Frontier Pacific, valued at \$225,000, were received pursuant to the Macusani East option agreement;
- (b) 540,000 agents' warrants were granted which are exercisable at \$1.20 into one common share for a period of 12 months expiring in February 2008. The warrants were fair valued as a share issuance cost of \$286,000;
- (c) 300,000 shares of the Company, valued at \$159,000, were issued pursuant to Asnune and Carcuta option agreement; and
- (d) \$225,831 accounts payable to Buscore International Consulting on resource property expenditures.

During 2006, the following transactions were excluded:

- (e) 250,000 shares of Frontier Pacific, valued at \$175,000, were received pursuant to the Macusani East option agreement; and
- (f) 60,000 agents' warrants were granted which are exercisable at \$0.75 into one common share for a period of 18 months. The warrants were fair valued as a share issuance cost of \$13,494.

12. COMMITMENT

The Company is committed to pay monthly office lease payments of \$5,408 from May 1, 2007 to April 30, 2009, \$5,599 from May 1, 2009 to April 30, 2011 and \$5,814 from May 1, 2011 to April 30, 2013.

SOLEX RESOURCES CORP.
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
For the years ended June 30, 2007 and 2006

13. SEGMENTED DISCLOSURE

The following geographic data references assets based on their physical location. The Company has interests in Peru and Canada:

	2007		
	Peru	Canada	Total
Current assets	\$ 75,754	\$ 11,643,281	\$ 11,719,035
Resource properties	5,200,538	-	5,200,538
Property and equipment	-	196,359	196,359
Other long-term assets	-	436,000	436,000
	\$ 5,276,292	\$ 12,275,640	\$ 17,551,932

	2006		
	Peru	Canada	Total
Current assets	\$ 33,365	\$ 1,955,886	\$ 1,989,251
Resource properties	1,389,696	-	1,389,696
Property and equipment	-	80,156	80,156
Other long-term assets	-	211,000	211,000
	\$ 1,423,061	\$ 2,247,042	\$ 3,670,103

14. SUBSEQUENT EVENTS

- (a) The Company has been informed by Frontier Pacific that they have deemed to have completed US \$4,000,000 in expenditures. Currently, the joint venturers are finalizing the 50% earn-in process, and in the interim the Company has commenced contributing 50% of the operational costs on Macusani East Joint Ventured properties.
- (b) 210,000 options were exercised for proceeds of \$94,000.
- (c) 140,000 options expired due to termination of consulting services.