

**Financial Statements**  
**March 31, 2008**  
(Unaudited)

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**Notice to Reader**

**Notice:** The unaudited interim financial statements of RJK Explorations Ltd.. (“Company”) as at and for the three months ended March 31, 2008 and 2007 (“Financial Statements”) have been prepared by management and have not been reviewed by the Company’s auditors. The Financial Statements should be read in conjunction with the financial statements for the year ended December 31, 2007 which are available at the SEDAR website at [www.sedar.com](http://www.sedar.com). The Financial Statements are presented in Canadian dollars, unless otherwise indicated, and are prepared in accordance with Canadian generally accepted accounting principles.

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## RJK Explorations Ltd.

### Balance Sheets

<i>As at</i>	<b>March 31, 2008</b>	December 31, 2007
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 555,507	\$ 965,254
GST recoverable	16,674	10,583
Prepaid expenses	10,000	10,000
	<b>582,181</b>	985,837
<b>Mineral Properties and Deferred Expenditures</b> <i>(Note 2)</i>	2,060,885	1,838,406
<b>Capital Assets</b> <i>(Note 3)</i>	10,978	10,899
	<b>\$2,654,044</b>	\$2,835,142
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities <i>(Note 4)</i>	\$ 267,877	\$ 352,924
	<b>267,877</b>	352,924
<b>Shareholders' Equity</b>		
<b>Capital Stock</b> <i>(Note 5)</i>		
Class B shares      Issued 854,140 shares	427,070	427,070
Class A shares	18,489,986	18,489,986
<b>Contributed Surplus</b> <i>(Note 6)</i>	630,000	630,000
<b>Deficit</b>	(17,160,889)	(17,064,838)
	<b>2,386,167</b>	2,482,218
	<b>\$2,654,044</b>	\$2,835,142

Approved by the Board:

("Signed") Glenn Kasner , Director

("Signed") Barry Milne , Director

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*See notes to the unaudited financial statements*

**RJK Explorations Ltd.**

**Statement of Operations and Comprehensive Net Loss and Deficit**

<i>Three Months Ended March 31,</i>	<b>2008</b>	<b>2007</b>
<b>Revenue</b>		
Interest income	\$ 8,063	\$ -
	<b>8,063</b>	<b>-</b>
<b>Operating Expenses</b>		
Shareholder information	46,610	26,753
Office and general	32,286	15,285
Professional fees	25,218	680
	<b>104,114</b>	<b>42,718</b>
<b>Net Loss and Comprehensive Net Loss</b>	<b>96,051</b>	<b>42,718</b>
Deficit, beginning of period	17,064,838	16,488,964
<b>Deficit, End of Period</b>	<b>\$ 17,160,889</b>	<b>\$ 16,531,682</b>
<b>Basic and fully diluted net loss per share</b>	<b>\$0.002</b>	<b>\$0.001</b>
<b>Weighted average number of shares</b>	<b>38,174,529</b>	<b>28,838,798</b>

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*See notes to the unaudited financial statements*

**RJK Explorations Ltd.**  
**Statement of Cash Flow**

<i>Three Months Ended March 31,</i>	<b>2008</b>	<b>2007</b>
<b>Operations</b>		
Net loss	<b>\$(96,051)</b>	\$(42,718)
Adjustments to reconcile net loss to cash flow from operating activities:		
Amortization	<b>736</b>	102
Net change in non-cash operating working capital items:		
GST recoverable	<b>(6,091)</b>	(5,340)
Accounts payable and accrued liabilities	<b>(85,047)</b>	(4,645)
Cash Flow used in Operating Activities	<b>(186,453)</b>	(52,601)
<b>Financing</b>		
Issuance of common shares	-	300,000
Cash Flow from Financing Activities	-	300,000
<b>Investing</b>		
Purchase of capital assets	<b>(815)</b>	-
Expenditures on mineral properties	<b>(222,479)</b>	(25,349)
Cash Flow used in Investing Activities	<b>(223,294)</b>	(25,349)
<b>Net Increase (decrease) in Cash</b>	<b>(409,747)</b>	222,050
Cash, beginning of period	<b>965,254</b>	4,744
<b>Cash, end of period</b>	<b>\$555,507</b>	\$226,794

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*See notes to the unaudited financial statements*

## **RJK Explorations Ltd.**

### **Notes to the Unaudited Financial Statements**

**Three Months Ended March 31, 2008 and 2007**

#### **1. Summary of Significant Accounting Policies**

##### ***Nature of Operations and Going Concern Considerations***

RJK Explorations Ltd. (RJK, or 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 the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of RJK to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties.

If the going concern basis of accounting is not appropriate, material adjustments may be necessary in the carrying accounts and/or classifications of assets, liabilities and expenses in the financial statements.

The Company's Canadian exploration activities are undivided interests in properties that are explored jointly with others. Accordingly, these financial statements also reflect RJK's pro rata share of the assets, liabilities, and expenditures of these undivided interests.

##### ***Income Taxes***

RJK follows the liability method of accounting for income taxes. Under this method future tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax liabilities and assets are measured using enacted tax rates. The effect on future tax liabilities and assets of a change in tax rates is recognized in the period that the change occurs.

##### ***Flow-Through Common Shares***

Proceeds received on the issuance of common shares or warrants, which transfer the tax deductibility of mineral exploration expenditures to investors, are credited to the capital stock and the related exploration costs are charged to deferred exploration expenditures.

##### ***Mineral Properties***

RJK defers the costs of exploration and capital assets on existing projects and carries them as assets until production commences. Mineral properties and the deferred exploration expenditures are recorded at cost and do not necessarily reflect present or future values. If a project is successful, the related mineral properties and deferred exploration expenditures will be amortized over the estimated economic life of the project. If a project is unsuccessful, or if exploration has ceased because continuation is not economically feasible, the mineral properties and the related deferred exploration expenditures are written off. Option payments received are applied against the mineral property or deferred exploration.

##### ***Capital Assets***

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the declining basis at rates varying from 10% to 30% per year.

##### ***Net Loss Per Share***

Net loss per share is calculated based on the weighted average number of shares issued and outstanding during the quarter or year, as appropriate. In the years when the Company reports a net loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive and, therefore, basic and diluted losses per share are the same.

## RJK Explorations Ltd.

### Notes to the Unaudited Financial Statements

Three Months Ended March 31, 2008 and 2007

#### 1. Summary of Significant Accounting Policies (Continued)

##### ***Stock-Based Compensation Plan***

RJK records employee stock-based compensation using the fair value method. Under the fair value method, stock-based payments are measured at the fair value of the equity instruments issued and are amortized over the vesting period. The offset to the recorded cost is recorded to contributed surplus. Contributed surplus is relieved of these costs to the extent that the value of any exercised options is less than the current market price of the shares acquired by the optionee.

The Company uses the Black-Scholes option pricing model to determine the stock-based compensation expense. The table below summarizes the assumptions used with the Black-Scholes valuation model for determining the stock-based compensation costs for the stock options issued in 2008 and 2007.

The weighted-averages used in the Black-Scholes option pricing method were as follows

	2008	2007
Dividend yield	0.0%	-
Expected volatility	132.4%	-
Risk-free interest rate	4.3%	-
Expected life (years)	5	-

##### ***Asset Retirement Obligations***

As the Company currently has no projects under construction, there is no legal obligation requiring remediation.

However, as the development of any project commences, senior management will assess whether an asset retirement obligation ("ARO") liability will arise. At the point where such liability arises, the financial statement adjustment required will be to increase the project's property value and related ARO liability by the discounted value of the total liability. Thereafter, the Company will be required to record a charge to earnings each year to accrete the discounted ARO obligation amount to the final expected liability.

##### ***Impairment of Long-Lived Assets***

Senior management periodically reviews the carrying value of mineral properties and deferred exploration costs to consider whether there are any conditions that may indicate impairment. Where estimates of future cash flows are available, a reduction in the carrying value is recorded to the extent the net book value of the investment exceeds the estimated fair value which is normally the discounted value of future cash flows. Where estimates of future cash flows are not available and where other conditions suggest impairment, management assesses if carrying value can be recovered and provides for impairment if so indicated, by reducing the carrying value of the property to its estimated fair value.

## **RJK Explorations Ltd.**

### **Notes to the Unaudited Financial Statements**

**Three Months Ended March 31, 2008 and 2007**

#### **1. Summary of Significant Accounting Policies (Continued)**

##### ***Use of Estimates***

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make assumptions about future events 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. Actual results could differ from these estimates.

##### ***Revenue Recognition***

The Company recognizes interest revenue over the passage of time on a monthly basis.

##### ***Financial Instruments***

###### ***a) Fair value***

The carrying values of the Company's cash, GST recoverable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these instruments.

###### ***b) Interest rate risk***

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

###### ***c) Credit risk***

The Company is exposed to credit risk with respect to its GST recoverable; however, this is minimized because the amounts are due from government agencies.

###### ***d) Derivatives – mineral properties***

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

###### ***e) Currency risk***

The Company is not exposed to significant currency rate price risk due to all of their operations being run in Canadian dollars.

## **RJK Explorations Ltd.**

### **Notes to the Unaudited Financial Statements**

**Three Months Ended March 31, 2008 and 2007**

#### **1. Summary of Significant Accounting Policies (Continued)**

##### **Changes in Accounting Policies**

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial instruments. As required by the transitional provisions of these new standards, these new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

- a) Section 3855 - Financial Instruments - Recognition and Measurement. Section 3855 requires that all financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at amortized cost.
- b) Section 1530 - Comprehensive Income. Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments. Other comprehensive income includes the holding gains and losses from available-for-sale securities, which are not included in net income (loss) until realized.

Investments classified as available for sale are reported at fair market value (or marked to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. Investments subject to significant influence are accounted for using the equity method and not adjusted to fair market value. All of the investments have been designated as available for sale.

##### **Hedging**

Section 3865 of the CICA Handbook specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. As at and for the three months ended March 31, 2008, the Company had no hedges in place.

The application of these new standards has no impact on the Company's financial statements as at and for the three months ended March 31, 2008.

##### **Future Changes in Accounting Policies**

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants relating to the accounting for and disclosure of capital, inventories and financial instruments:

- a) Section 1535 – "Capital disclosures" establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard, the Company will be required to disclose quantitative and qualitative information about its objectives, policies and processes for managing capital.

## RJK Explorations Ltd.

### Notes to the Unaudited Financial Statements

Three Months Ended March 31, 2008 and 2007

#### 1. Summary of Significant Accounting Policies (Continued)

- b) Section 3862 – “Financial instruments – disclosures” requires entities to disclose quantitative and qualitative information that enable users to evaluate (a) the significance of financial instruments for the Company’s financial performance, and (b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and management’s objectives, policies and procedures for managing such risks. The Company will be required to disclose the measurement bases used, and the criteria used to determine classification of financial instruments.

Adoption of these standards did not require the Company to restate prior periods as these new standards have been adopted prospectively.

Effective January 1, 2009, the CICA has issued a new standard, which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009. The Company will adopt the requirements commencing in the quarter ended March 31, 2009 and is considering the impact this will have on the Company’s financial statements. Section 3064, Goodwill and intangible assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new operations.

#### 2. Mineral Properties and Deferred Expenditures

The following table summarizes the Company’s mineral properties and deferred expenditures:

Three Months ended March 31, 2008

	Opening Balance \$	Additions (\$)	Net (\$)
Stares, Ontario	774,481	860	<b>775,341</b>
Goldie, Ontario	481,131	63,797	<b>544,928</b>
Blackwell, Ontario	237,834	-	<b>237,834</b>
Mylake, Ontario	135,654	818	<b>136,472</b>
Savant Lake, Ontario	98,628	-	<b>98,628</b>
General and other	110,678	157,004	<b>267,682</b>
	1,838,406	222,479	<b>2,060,885</b>

## RJK Explorations Ltd.

### Notes to the Unaudited Financial Statements

Three Months Ended March 31, 2008 and 2007

#### 2. Mineral Properties and Deferred Explorations (Continued)

Three Months ended March 31, 2007

	Opening Balance \$	Additions (\$)	Net (\$)
Stares, Ontario	703,181	-	<b>703,181</b>
Goldie, Ontario	126,701	35	<b>126,736</b>
Blackwell, Ontario	234,523	-	<b>234,523</b>
Mylake, Ontario	132,827	816	<b>133,643</b>
Savant Lake, Ontario	97,255	-	<b>97,255</b>
General and other	32,744	24,498	<b>57,242</b>
	1,327,231,	25,349	<b>1,352,580</b>

RJK enters into exploration agreements whereby they may earn an interest in certain mineral properties by issuing common shares, making cash option payments and/or incurring expenditures in varying amounts by specified dates. Failure by RJK to meet such requirements can result in a reduction of ownership interest. Several of the properties are subject to a net smelter royalty in amounts of one to two percent.

In order to maintain its options in good standing, RJK is required to make the following cash payments and issue the following number of common shares:

	Cash	No of Shares
2008	\$ 5,000	-
2009	10,000	-
2010	15,000	-
On commencement of production	-	50,000
	\$ 30,000	50,000

## RJK Explorations Ltd.

### Notes to the Unaudited Financial Statements

Three Months Ended March 31, 2008 and 2007

#### 2. Mineral Properties and Deferred Explorations (Continued)

During 2007, the Company optioned two of its properties off to Atomic Uranium Inc. ("AUI"). The first property was optioned off as an exclusive right and option to allow AUI to earn a 60% interest in 16 claims in the Lavant, Palmerston and Sherbrooke Townships for consideration of: (1) \$25,000 cash to be paid \$5,000 upon signing and \$20,000 received by June 15, 2007; (2) Receive 250,000 common shares of AUI with 50,000 shares of AUI between June 16, 2007 and June 15, 2008, 100,000 shares of AUI between June 16, 2008 and June 15, 2009 and 100,000 shares of AUI between June 16, 2009 and June 15, 2010. AUI is also required to incur \$1,200,000 in Exploration Expenditures, with \$200,000 incurred between June 16, 2007 and June 15, 2008, \$400,000 between June 16, 2008 and June 15, 2009 and \$600,000 between June 16, 2009 and June 15, 2010. RJK will retain a Net Smelter Return of 1% provided that AUI may purchase up to 0.5% of the NSR at a rate of \$300,000 per 0.25% to a maximum of \$600,000 (0.5%). The second property was optioned off as an exclusive right and option to allow AUI to earn a 60% interest in 10 claims in the Palmerston and Olden Townships for consideration of: (1) \$15,000 cash to be paid upon signing; (2) Receive 150,000 common shares of AUI with 50,000 shares of AUI between October 11, 2007 and October 12, 2008, 50,000 shares of AUI between October 12, 2008 and October 11, 2009 and 50,000 shares of AUI between October 12, 2009 and October 11, 2010. AUI is also required to incur \$400,000 in Exploration Expenditures, with \$75,000 incurred between October 11, 2007 and October 11, 2008, \$100,000 between October 12, 2008 and October 11, 2009 and \$225,000 between October 12, 2009 and October 11, 2010. RJK will retain a Net Smelter Return of 1.5% provided that AUI may purchase up to 1.0% of the NSR at a rate of \$250,000 per 0.25% to a maximum of \$1,000,000 (1.0%).

#### 3. Capital Assets

	2008		2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$21,156	\$11,239	\$10,153	\$ 8,788
Building	3,475	2,414	3,475	2,294
	\$24,631	\$13,653	\$13,628	\$11,082
<b>Net Book Value</b>	<b>\$10,978</b>		<b>\$ 2,546</b>	

## RJK Explorations Ltd.

### Notes to the Unaudited Financial Statements

Three Months Ended March 31, 2008 and 2007

#### 4. Related Party Transactions

The financial statements include balances and transactions with directors and officers of the Company and corporations related to directors of RJK. These transactions are recorded at their exchange amounts, being the amounts agreed to by the parties. The following summarizes related party transactions entered into:

	2008	2007
Transactions during the period:		
Consulting fees included in office and general expense	\$25,500	\$15,000
Related party payables included in accounts payable and accrued liabilities	191,941	191,941

The amount due to related parties is non-interest bearing and without any fixed terms of repayment.

#### 5. Capital Stock

##### *Share Capital*

RJK's authorized share capital consists of an unlimited number of Class A Subordinate Voting Shares, 854,140 Class B Voting Shares, and an unlimited number of Class C Preference Shares without par value. The holders of the Class A Subordinate Shares are entitled to one vote per share while the holders of the Class B Voting Shares are entitled to five votes per share. The Class B and C Shares rank equally as to dividends. The Class C Preference Shares are issuable in series with the rights, privileges, restrictions, and conditions designated by the Directors at the time the particular series is created.

At any time, a holder of Class B Voting Shares may require the Company to redeem, in whole or, any part of the Class B Voting Shares so held upon the payment of 20¢ for each share redeemed. Any holder of Class B Voting Shares is entitled, at the holder's option, to convert any number of the Class B Voting Shares into Class A Subordinate Voting Shares upon a 1:1 basis. The Class B Voting shares will be deemed to be converted into Class A Subordinate Voting Shares under a take-over bid that is at a price above the market price of the Class A Subordinate Voting Shares.

## RJK Explorations Ltd.

### Notes to the Unaudited Financial Statements

Three Months Ended March 31, 2008 and 2007

#### 5. Capital Stock (Continued)

The issued share capital of RJK's Class A Subordinate Voting Shares is as follows:

	Number of Shares	Amount
Balance, December 31, 2005 and 2006	27,963,529	\$17,057,049
Issued for cash:		
Private placements	9,500,000	1,730,000
Issued for agent's fees	261,000	26,100
Issued for property option payment	450,000	66,250
Share issue costs	-	(156,413)
Fair value of warrants issued on private placement	-	(233,000)
Balance, December 31, 2007 and March 31, 2008	38,174,529	\$18,489,986

On February 26, 2007, the Company completed a brokered private placement financing by issuing 3,000,000 units for gross proceeds of \$300,000. Each unit consists of one Class A Subordinate Voting Share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one Class A Subordinate Voting Share at \$0.15 for a period of 18 months from closing. Under the terms of the private placement, RJK issued 261,000 common shares to finders of the private placement as finders shares for a fair value of \$26,100.

The warrants were assigned a value of \$48,000, using the Black-Scholes valuation model with the following assumptions: a 18 month expected term; 142.62% volatility; risk-free interest rate of 4.04% p.a.; and a dividend yield of Nil%;

On June 8, 2007, the Company completed a private placement of 6,500,000 units at a price of \$0.22 per unit for gross cash proceeds of \$1,430,000. Each unit consisted of one Class A Subordinate Voting Share and one one-half share purchase warrant. Each whole purchase warrant entitles the holder thereof to acquire one Class A Subordinate Voting Share at a price of \$0.27 for a period of 12 months from the closing date.

The warrants were assigned a value of \$185,000, using the Black-Scholes valuation model with the following assumptions: a 12 month expected term; 125.31% volatility; risk-free interest rate of 4.62% p.a.; and a dividend yield of Nil%;

Agents were paid a cash commission of 7% of the gross proceeds of the private placement totaling \$63,910. Agents were also given Broker warrants equal to 10% of the gross units of the private placement totaling 415,000 Broker warrants. Each whole Broker warrant entitles the holder thereof to acquire one Class A Subordinate Voting Share at a price of \$0.22 for a period of 12 months from the closing date.

These warrants were assigned a value of \$27,000, using the Black-Scholes valuation model with the following assumptions: a 12 month expected term; 125.31% volatility; risk-free interest rate of 4.62% p.a.; and a dividend yield of Nil%.

## RJK Explorations Ltd.

### Notes to the Unaudited Financial Statements

Three Months Ended March 31, 2008 and 2007

#### 5. Capital Stock (Continued)

##### *Stock Options*

RJK has a stock option plan pursuant to which options to purchase Class A Subordinate Voting Shares may be granted to certain officers, directors and employees. The plan allows for the issuance of a rolling 10% of common shares outstanding. As at March 31, 2008, the maximum allowable outstanding was 3,817,454 (2006 - 2,796,354). The following table summarizes the activity for the options to purchase Class A Subordinate Voting Shares:

	2008		2007	
	Weighted Average Exercise Price	No. of Options (000's)	Weighted Average Exercise Price	No. of Options (000's)
Outstanding, beginning of period	\$0.18	2,650	\$0.18	1,375
Transactions during the period:				
Granted	-	-	-	-
Expired	-	-	-	-
Outstanding, end of period	\$0.18	2,650	\$0.18	1,375
<b>Exercisable, end of period</b>	<b>\$0.18</b>	<b>2,650</b>	<b>\$0.18</b>	<b>1,375</b>

The following table provides additional information about outstanding stock options at March 31, 2008:

Range of Exercise Prices	No. of Options Outstanding (000's)	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
\$0.15	800	2.50	\$ 0.15
0.20	1,850	3.91	0.20
\$0.15 - \$0.20	2,650	3.48	\$ 0.18

##### *Warrants*

The following table provides additional information about outstanding warrants at March 31, 2008:

Grant Date	Expiry Date	No. Of Warrants	Exercise Price
February 26, 2007	August 23, 2008	1,500,000	\$ 0.15
June 8, 2007	June 8, 2008	3,250,000	0.27
June 8, 2007	June 8, 2008	415,000	0.22
		5,165,000	

## RJK Explorations Ltd.

### Notes to the Unaudited Financial Statements

Three Months Ended March 31, 2008 and 2007

#### 6. Contributed Surplus

	2008	2007
Balance at beginning of period	\$ 630,000	\$ 81,000
Value assigned to:		
Warrants issued on private placements	-	-
Warrants issued to agents on private placements	-	-
Options related to stock-based compensation costs	-	-
Balance at end of period	\$ 630,000	\$ 81,000

#### 7. Potential Income Taxes Benefits

At December 31, 2007, RJK has \$7,879,500 (2006 - \$7,083,300) of unused cumulative Canadian exploration and development expenses available to offset future taxable income. The tax benefits pertaining to these expenses are available to carry forward indefinitely. The Company also has \$3,180,000 in capital losses that are available to reduce future taxable capital gains. In addition, the Company has \$25,900 non-capital losses for income tax purposes which can be carried forward to be applied against future taxable income. These non-capital losses expire in 2027.

##### *Income Taxes*

The income tax provision differs from that computed using the statutory tax rates for the following reasons:

	2007	%	2006	%
Income taxes at Federal and Provincial statutory rates	\$ (207,900)	(36.1)	\$ (46,700)	(36.1)
Expenses not deductible for income tax purposes:				
Stock-based compensation	104,300	18.1	-	-
Write-down of investment	200	(81.0)	16,200	19.2
Share issue costs	(46,700)	-	-	-
Valuation adjustment of future tax assets	150,100	(26.1)	30,500	17.0
Income Taxes	\$ -	-	\$ -	-

## **RJK Explorations Ltd.**

### **Notes to the Unaudited Financial Statements**

**Three Months Ended March 31, 2008 and 2007**

#### **8. Commitments and Contingencies**

On January 18, 2008: RJK entered into discussions with Holmer Silver Co., ("Holmer") a private company, on the basis of creating a formal business relationship with Holmer related to the various mining opportunities that are available in the Republic of Cuba.

RJK is interested in pursuing these mineral exploration opportunities in Cuba and Holmer has the expertise and experience to aid RJK in its dealings with both the Cuban Government and the Cuban state owned mining company, GeoMinera SA.

Holmer has operated in Cuba for over 16 years and during that period of time has developed a silver deposit, conducted a number of exploration programs concentrating on discovering precious metals and VMS deposits, built a staff of highly-trained personnel and achieved the unique status of becoming the longest operating foreign mineral exploration company in that country. It is RJK's belief that Holmer's expertise and knowledge of operating in Cuba in mineral exploration will be invaluable to RJK.

In May, 2008 RJK entered into preliminary discussions with an underwriter to secure a 15,000,000 US\$ production financing facility for Holmer to develop the Loma Hierro Silver Deposit owned by Plato Cuba S.A., a 50/50 joint venture between Holmer Gold Mining Company and GeoMinera S.A. (a Cuban state owned company). The project is located in the Pinar del Rio mining camp approximately 200 kilometers west of Havana Cuba. A credit enhancement facility was entered into by the company due to country risk. Holmer Silver Co. owns 100% of the issued and outstanding shares of Holmer Gold Mining Company and RJK has entered into an undertaking to acquire the issued and outstanding shares of Holmer Silver Co. based on the financing being made available.

The credit enhancement is by way of assigning certain Petrobas bonds. The bonds will be held by a Supervising Trustee. In order to activate, these bonds must be registered directly with Petrobas at a cost of 0.1625% of the \$15,000,000 loan or US\$24,375 as well as an annual maintenance fee of 1.5%.

#### **9. Promissory Note**

On April 21, 2008 the Company executed a Promissory Note providing for the repayment of \$191,940.86 to Glenn C. Kasner Explorations Ltd. (hereinafter called the "Holder"). Under the terms of the Promissory Note the Principal owing shall become due and be paid in full on demand, which demand may be made by the Holder at any time. In addition, at any time and from time to time any portion of the Principal may be prepaid without any notice being given to the Holder and without any bonus or penalty being paid to the Holder.