

DUNDARAVE RESOURCES INC.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2007

(Unaudited – Prepared by Management)

NOTICE TO READER

INTERIM CONSOLIDATED BALANCE SHEETS

INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**MANAGEMENT'S COMMENTS ON
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying interim consolidated financial statements of Dunderave Resources Inc. for the six months ended June 30, 2007 have been prepared by management and are the responsibility of the Company's management. These interim consolidated financial statements have not been reviewed by the Company's external auditors.

DUNDARAVE RESOURCES INC.
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited – Prepared by Management)

	June 30, 2007	December 31, 2006
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 694,771	\$ 249,739
Available for sale marketable securities <i>(Note 4)</i>	1,182,777	831,594
Receivables	8,323	7,804
Prepaid expenses	673	673
	1,886,544	1,089,810
PROPERTY AND EQUIPMENT	421	1,465
	\$ 1,886,965	\$ 1,091,275
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 6,141	\$ 9,141
SHAREHOLDERS' EQUITY		
SHARE CAPITAL <i>(Note 5)</i>	15,372,676	14,875,526
ACCUMULATED OTHER COMPREHENSIVE INCOME	252,357	-
CONTRIBUTED SURPLUS	335,915	271,284
DEFICIT	(14,080,124)	(14,064,676)
	1,880,824	1,082,134
	\$ 1,886,965	\$ 1,091,275

Approved on behalf of the Board:

“Signed”

Paul Matysek– Director

“Signed”

Christine Thomson– Director

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

DUNDAVE RESOURCES INC.
INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND DEFICIT
(Unaudited - Prepared by Management)

	Three months ended June 30		Six months ended June 30	
	2006	2006	2006	2006
	\$	\$	\$	\$
REVENUE				
Gain on disposal of mineral properties	-	-	-	9,621
Gain (loss) on foreign exchange	(6,855)	(5,356)	(7,874)	(5,334)
Gain (loss) from sale of securities	30,056	55,599	150,982	187,060
Interest and other income	9,884	3,211	18,327	4,678
	33,085	53,454	161,435	196,025
EXPENSES				
Write off of accounts payable	-	-	-	-
Consulting fees	20,300	19,396	30,300	37,000
Depreciation	523	(58)	1,044	1,044
General exploration and property investigation	-	-	-	-
Interest and bank charges	138	132	247	262
Investor relations and shareholder communications	-	598	-	598
Office and general	-	(3,394)	-	(2,400)
Professional fees	9,002	2,719	12,310	3,676
Rent and utilities	-	7,116	-	7,116
Telephone	88	1,294	214	2,081
Transfer agent and filing fees	8,562	3,669	13,388	7,589
Travel, automotive and promotion	-	-	-	9
Stock based compensation	-	-	119,381	-
Wages	-	1,581	-	1,669
	38,613	33,053	176,884	58,644
NET INCOME (LOSS) FOR THE PERIOD	(5,528)	20,401	(15,449)	137,381
OTHER COMPREHENSIVE INCOME (LOSS)	(29,611)	-	7,970	-
Unrealized holding gain on short-term investments				-
Reclassification adjustments for realized gains included in net loss for the period	(22,106)	-	(98,385)	-
COMPREHENSIVE INCOME (LOSS)	(57,245)	-	(105,864)	-
EARNINGS (LOSS) PER SHARE				
Basic			(0.00)	(0.02)
Fully Diluted			(0.00)	(0.02)
Weighted average shares outstanding				
Basic			6,919,932	6,455,203
Fully Diluted			6,919,932	7,401,933

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DUNDAVE RESOURCES INC.
INTERIM CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited – Prepared by Management)

DUNDARAVE RESOURCES INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007
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	Share capital		Deficit	Contributed surplus	Accumulated other comprehensive income (loss)
	Shares	Amount			
Balance, December 31, 2005	6,435,976	\$ 14,770,672	\$ (13,801,748)	\$ 327,144	\$ –
Common shares issued for:					
Options exercised	75,000	21,000	–	–	–
Warrants exercised	40,000	9,600	–	–	–
Transfer from contributed surplus on options exercised and cancelled	–	74,254	–	(74,254)	–
Stock-based compensation	–	–	–	18,394	–
Net loss for the year	–	–	(262,928)	–	–
Balance, December 31, 2006	6,550,976	14,875,526	(14,064,676)	271,284	–
Adjustment to opening balance –					
Change in accounting policy (Note 3)	–	–	–	–	343,772
Common shares issued for:					
Warrants exercised	1,560,000	374,400	–	–	–
Options exercised	225,000	68,000	–	–	–
Transfer from contributed surplus on options exercised	–	54,750	–	(54,750)	–
Stock-based compensation	–	–	–	119,381	–
Reclassification adjustments	–	–	–	–	(99,385)
Unrealized holding gain on available for sale short-term investments	–	–	–	–	7,970
Net loss for the period	–	–	(15,448)	–	–
Balance, at June 30, 2007	<u>8,335,976</u>	<u>\$ 15,372,676</u>	<u>\$ (14,080,124)</u>	<u>\$ 335,915</u>	<u>\$ 252,357</u>

DUNDARAVE RESOURCES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited – Prepared by Management)

	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
CASH FLOWS PROVIDED BY (USED FOR):				
OPERATING ACTIVITIES				
Net income (loss) for the period	(5,528)	20,401	(15,448)	137,381
Adjusted for items which do not involve cash:				
Gain on sale of securities	(30,055)	(55,599)	(150,982)	(187,060)
Gain on disposal of mineral properties	-		-	(9,621)
Depreciation	523	(58)	1,044	1,044
Stock-based compensation	-	-	119,381	-
	<u>(35,060)</u>	<u>(35,256)</u>	<u>(46,005)</u>	<u>(58,256)</u>
Net changes in non-cash working capital items:				
Short-term investments	34,234	(14,366)	52,156	(114,963)
Receivables	(4,364)	(3,045)	(518)	(4,085)
Prepaid expenses	-	5,553	-	5,553
Other receivables	-	210	-	210
Accounts payable and accrued liabilities	(13,600)	(25,218)	(3,000)	(21,649)
	<u>16,270</u>	<u>(36,866)</u>	<u>48,638</u>	<u>(134,934)</u>
	<u>(18,790)</u>	<u>(72,122)</u>	<u>2,633</u>	<u>(193,190)</u>
FINANCING ACTIVITIES				
Issuance of common shares	414,400	9,600	442,400	9600
INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	395,610	(62,522)	445,033	(183,590)
CASH & CASH EQUIVALENTS, BEGINNING OF PERIOD	299,162	344,017	247,739	465,085
CASH & CASH EQUIVALENTS, END OF PERIOD	694,772	281,495	694,772	281,495

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DUNDARAVE RESOURCES INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007
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NOTE 1 - NATURE AND CONTINUANCE OF OPERATIONS

The Company's primary business is the acquisition, exploration and development of mineral properties. The recoverability of amounts capitalized for resource properties is dependent upon the existence, discovery and exploitation of economically recoverable reserves in its resource properties, the ability of the Company to arrange appropriate financing, either directly or through joint ventures, to complete the development of the properties, confirmation of the Company's interests in the underlying properties, and upon future profitable production of the proceeds from the disposition thereof.

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has suffered recurring losses and has not generated profitable operations to date. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders and other related parties, the ability of the Company to obtain necessary equity financing to continue operations, and the attainment of profitable operations. These consolidated 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.

NOTE 2 - BASIS OF PRESENTATION

The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The unaudited interim financial statements have been prepared in accordance with the accounting principles and policies described in the Company's annual financial statements for the year ended December 31, 2006, except as described below, and should be read in conjunction with those statements. In the opinion of management, all adjustments (consisting of normal and recurring accruals) considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the six month period ended June 30, 2007 are not necessarily indicative of the results that may be expected for the year ended December 31, 2006.

NOTE 3 – CHANGE IN ACCOUNTING POLICY

Effective on January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement of prior period financial statements.

(a) *Financial instruments – Recognition and measurement (Section 3855)*

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on and after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be accounted for either at fair value, or in circumstances where fair value may not be considered the most relevant, at cost or amortized cost. Changes in fair value are recognized in the statement of loss and comprehensive loss.

All financial assets and financial liabilities are recognized when the Company becomes a party to the underlying contract. As such, all of the Company's financial assets and financial liabilities were re-measured in accordance with the new standard as of January 1, 2007. Differences between the previous accounting basis and fair value as at January 1, 2007 were recognized by adjusting the opening balance of accumulated other comprehensive income.

Under the new standard, all financial instruments are classified into one of five categories. Initial and subsequent measurement and recognition of changes in value depend on the initial classification of the financial instrument. Available for sale financial instruments, the category which applies to the Company's short-term investments, are measured at fair value at the end of each period. Changes in fair value between periods are included in other comprehensive income until the financial asset is sold. Upon sale, the realized gain or loss is reclassified from accumulated other comprehensive income to the deficit.

(b) *Comprehensive income (Section 1530)*

Comprehensive income is the change in shareholders' equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recognized as part of net income (loss) to be presented in "other comprehensive income" until it is considered appropriate to be recognized in net income (loss). This standard also requires the presentation of accumulated other comprehensive income, and its components. Accordingly, the Company now includes comprehensive income (loss) within its consolidated statement of loss and comprehensive loss, and a statement of shareholders' equity as a separate financial statement.

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NOTE 4 – AVAILABLE FOR SALE MARKETABLE SECURITIES

	June 30, 2007			December 31, 2006
	Cost	Unrealized holding gain (loss)	Fair value	Cost
First Majestic Resources Corporation	\$ 15,895	\$ 164,905	\$ 180,800	\$ 21,061
SNS Silver Corp.	16,200	84,600	100,800	27,000
Talvest Money Market Fund	100,000	2,767	102,767	35,000
Bank of Montreal – GIC	300,000	-	300,000	300,000
Canada Treasury Bill	498,325	85	498,410	448,533
	<u>\$ 930,420</u>	<u>\$ 252,357</u>	<u>\$ 1,182,777</u>	<u>\$ 831,594</u>

NOTE 5 - SHARE CAPITAL

Authorized share capital consists of an unlimited number of common shares without par value

NOTE 6– STOCK OPTIONS

The Company's Board of Directors approved a rolling stock incentive plan dated December 17, 2004, in accordance with the policies of the TSX Venture Exchange. The Board of Directors is authorized to grant options to directors, officers, consultants or employees to acquire up to 10% of the issued and outstanding shares at the time of each grant. The exercise price shall be determined by the Board of Directors, provided that it is not less than the Discounted Market Price, as that term is defined in the TSX policy manual or such other minimum price as is permitted by the TSX.

A summary of the changes in the Company's common share purchase options is presented below:

	Number	Weighted Average Exercise Price
Balance, beginning of period	535,000	\$ 0.29
Granted	267,500	\$ 0.72
Expired	(37,500)	\$ 0.28
Exercised	(225,000)	\$ 0.30
Balance, end of period	<u>540,000</u>	<u>\$ 0.68</u>
Number currently exercisable	<u>540,000</u>	<u>\$ 0.68</u>

The fair value of the options granted during the year was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2007	December 31, 2006
Dividend Yield	Nil	Nil
Expected volatility	290%	290%
Risk free rate of return	3.34%	3.34%
Expected life of options	1.5 years	1.5 years

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NOTE 7 - RELATED PARTY TRANSACTIONS

During the period ended June 30, 2007, the Company paid consulting fees of \$19,500 (2006 - \$34,000) to a corporation controlled by a director. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.