

Dear Strongbow Shareholder,

Attached please find Strongbow's financial statements for the six month period ending July 31, 2007. Strongbow is currently at the busiest point of the 2007 exploration season, with drilling programs underway at the **Nickel King** and **Skoonka Creek** properties and a third drilling program set to start on our newly acquired **Ponderosa** gold property. A \$4 million flow through financing was completed in July, providing the Company with additional working capital to complete these programs. We anticipate that the Company will have approximately \$4 million working capital at the end of the current financial year.

The drilling underway at Nickel King has two main goals: 1) to test borehole geophysical targets within the Main Zone and 2) to drill test several exploration targets located outside of the Main Zone. Results of this drilling will be used to aid planning a spring 2008 drilling program. Our technical team has also started a petrographic study to characterize the sulphide minerals found in the Main zone as well as lithochemical and bedrock mapping studies to better characterize the host rocks to sulphide nickel mineralization on the property. Our field crews have also confirmed the presence of mafic to ultramafic rocks in close proximity to geophysical conductors in at least five localities within the **Snowbird** nickel project. These prospective areas will provide a pipeline of nickel exploration targets in the Snowbird/Nickel King area for the 2008 field season.

The drilling programs on the Skoonka Creek and Ponderosa properties in the **Spences Bridge gold belt** (SBGB) will test at least five epithermal gold targets. Both properties are accessible by road and provide the opportunity for a gold discovery in an area with excellent power and transportation infrastructure. Exploration also continues on our other properties in the SBGB. In particular, detailed work on the **Shovelnose** property has defined highly encouraging gold mineralization with characteristics similar to gold showings found elsewhere in the SBGB.

I look forward to reporting to you the results of the current exploration drilling programs. Each provides the opportunity for a discovery that could significantly impact the Company. In the next several months we should also be in a position to report on progress made by North Arrow Minerals on the Silvertip property as well as Bayswater Uranium on our 50% owned North Thelon and South Thelon uranium properties.

The second half of this financial year is shaping up to be an exciting one for Strongbow and management looks forward to keeping you informed of our exploration plans and results.

Kenneth A. Armstrong, P.Geol.
President and CEO
September 21, 2007

STRONGBOW EXPLORATION INC.

CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2007

(Unaudited – Prepared by Management)

Reader's Note: These interim, consolidated financial statements for Strongbow Exploration Inc. ("Strongbow"), for the six months ended July 31, 2007 have been prepared by management and have not been subject to review by Strongbow's auditor.

STRONGBOW EXPLORATION INC.
INTERIM CONSOLIDATED BALANCE SHEET

	July 31, 2007 (Unaudited)	January 31, 2007 (Audited)
ASSETS		
Current		
Cash and equivalents	\$ 8,067,326	\$ 8,924,951
Marketable securities (Notes 2 and 3)	3,897,030	719,948
Receivables	283,991	277,724
Prepaid expenses	<u>55,041</u>	<u>49,557</u>
	12,303,388	9,972,180
Investments and advances to affiliates (Note 4)	1,948,040	400,000
Property and equipment (Note 5)	141,623	137,481
Mineral properties (Note 6)	<u>7,742,642</u>	<u>7,529,320</u>
	<u>\$ 22,135,693</u>	<u>\$ 18,038,981</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	<u>\$ 871,406</u>	<u>\$ 379,739</u>
Shareholders' equity		
Capital stock (Note 7)	20,494,309	19,849,581
Contributed surplus (Note 7)	2,070,969	1,688,606
Deficit	(3,068,436)	(3,878,945)
Accumulated other comprehensive income (Note 10)	<u>1,767,445</u>	<u>-</u>
	<u>21,264,287</u>	<u>17,659,242</u>
	<u>\$ 22,135,693</u>	<u>\$ 18,038,981</u>

Nature and continuance of operations (Note 1)

Commitments (Note 12)

Subsequent event (Note 14)

On behalf of the Board:

"D. Grenville Thomas"

Director

"Kenneth A. Armstrong"

Director

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

STRONGBOW EXPLORATION INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)

	<u>Three Months Ending</u>		<u>Six Months Ending</u>	
	July 31, 2007	July 31, 2006	July 31, 2007	July 31, 2006
EXPENSES				
Advertising and promotion	\$ 51,746	\$ 20,488	\$ 116,481	\$ 48,867
Amortization	11,154	10,822	21,553	20,986
Consulting fees	-	286	-	6,316
Insurance	12,002	17,174	23,886	31,680
Professional fees	23,316	22,184	43,591	33,054
Office, miscellaneous and rent	41,537	37,246	81,441	75,740
Regulatory and filing fees	5,512	11,707	13,884	19,976
Salaries and benefits	50,318	59,060	123,153	116,031
Stock-based compensation (Note 7)	<u>182,204</u>	<u>73,601</u>	<u>316,075</u>	<u>143,724</u>
Loss before other items	<u>(377,789)</u>	<u>(252,568)</u>	<u>(740,064)</u>	<u>(496,374)</u>
OTHER ITEMS				
Write-off of mineral properties	8,574	(566,983)	(26,738)	(663,043)
Interest income	48,486	10,526	129,785	20,172
Cost recoveries	-	50,565	23,491	92,778
Project administration fees	-	-	5,975	-
Arrangement expenses	(82,012)	-	(341,679)	-
Gain of sale of future minerals property rights (Note 3)	-	-	1,400,000	-
Equity income of affiliated company (Note 4)	48,739	-	48,739	-
Gain on sale of subsidiary (Note 3)	-	-	-	600,000
Gain of sale of investments (Note 3)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,360,000</u>
	<u>23,787</u>	<u>(505,892)</u>	<u>1,239,573</u>	<u>1,409,907</u>
Income (loss) before income taxes	(354,002)	(758,460)	499,509	913,533
Future income tax recovery (Note 9)	<u>-</u>	<u>-</u>	<u>311,000</u>	<u>713,000</u>
Net Income (loss) for the period	(354,002)	(758,460)	810,509	1,626,533
Deficit, beginning of period	<u>(2,714,434)</u>	<u>(8,851,217)</u>	<u>(3,878,945)</u>	<u>(11,236,210)</u>
Deficit, end of period	\$ (3,068,436)	\$ (9,609,677)	\$ (3,068,436)	\$ (9,609,677)
Basic and diluted income (loss) per share	\$ (0.01)	\$ (0.02)	\$ 0.02	\$ 0.03
Weighted average number of shares outstanding	52,033,801	47,770,191	51,423,924	47,332,597

STRONGBOW EXPLORATION INC.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited – Prepared by Management)

	<u>Three Months Ending</u>		<u>Six Months Ending</u>	
	July 31, 2007	July 31, 2006	July 31, 2007	July 31, 2006
Net income (loss) for the period	\$ (354,002)	\$ (758,460)	\$ 810,509	\$ 1,626,533
Unrealized gains (losses) on available for sale financial assets arising during the period	<u>(156,868)</u>	<u>-</u>	<u>36,453</u>	<u>-</u>
Comprehensive income (loss)	\$ (510,870)	\$ (758,460)	\$ 846,962	\$ 1,626,533

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

STRONGBOW EXPLORATION INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	<u>Three Months Ending</u>		<u>Six Months Ending</u>	
	July 31, 2007	July 31, 2006	July 31, 2007	July 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) for the period	\$ (354,002)	\$ (758,460)	\$ 810,509	\$ 1,626,533
Items not involving cash:				
Amortization	11,154	10,822	21,553	20,986
Stock-based compensation	182,204	73,601	316,075	143,724
Write-off of mineral properties	(8,574)	566,983	26,738	663,043
Equity income from an affiliate	(48,739)	-	(48,739)	-
Gain of sale of future minerals property rights	-	-	(1,400,000)	-
Gain on sale of subsidiary (Note 3)	-	-	-	(600,000)
Gain on sale of investments	-	-	-	(1,360,000)
Future income tax recovery	-	-	(311,000)	(713,000)
Changes in non-cash working capital items:				
Increase in receivables	(222,450)	(89,995)	(46,178)	(150,235)
(Increase)/decrease in prepaid expenses	22,063	17,952	(5,484)	27,175
Increase/(decrease) in accounts payable and accrued liabilities	(51,238)	(7,435)	42,514	(29,376)
Net cash used in operating activities	<u>(469,582)</u>	<u>(186,532)</u>	<u>(594,012)</u>	<u>(371,150)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of capital stock, net	<u>3,979,016</u>	<u>-</u>	<u>3,979,016</u>	<u>687,791</u>
Net cash provided by financing activities	<u>3,979,016</u>	<u>-</u>	<u>3,979,016</u>	<u>687,791</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on mineral properties, net	(1,954,918)	(1,145,107)	(3,319,469)	(1,795,967)
Acquisition of property and equipment	(11,589)	(13,530)	(25,695)	(31,637)
Investment and advances to affiliated company	(897,465)	-	(897,465)	-
Proceeds from the sale of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,650,000</u>
Net cash used in investing activities	<u>(2,863,972)</u>	<u>(1,158,637)</u>	<u>(4,242,629)</u>	<u>(177,604)</u>
Change in cash and equivalents during the period	645,462	(1,345,169)	(857,625)	139,037
Cash and equivalents, beginning of period	<u>7,421,864</u>	<u>2,001,586</u>	<u>8,924,951</u>	<u>517,380</u>
Cash and equivalents, end of period	<u>\$ 8,067,326</u>	<u>\$ 656,417</u>	<u>\$ 8,067,326</u>	<u>\$ 656,417</u>

Supplemental disclosure with respect to cash flows (Note 11)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company's principal business activity is the exploration of mineral properties. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

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 amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete the development of its mineral properties and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to complete equity financings or generate profitable operations in the future. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. CHANGE IN ACCOUNTING POLICIES

Recent accounting pronouncements

Effective February 1, 2007, the Company prospectively adopted the Canadian Institute of Chartered Accountants ("CICA") recommendations pertaining to financial instruments (Section 3855), which establishes standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of operations and deficit. The Company has classified its short-term investments as held for trading and therefore carries its short-term investments at fair market value, with the unrealized gain or loss recorded in interest income. This change in accounting policy had no material effect on the Company's previous financial statements. The Company has classified its marketable securities as available-for-sale and therefore carries them at fair market value, with the unrealized gain or loss recorded in shareholders' equity as a component of other comprehensive income. These amounts will be reclassified from shareholders' equity to net income when they are sold. Previously, investments in public companies were carried at cost, less provisions for other than temporary declines in value. This change in accounting policy resulted in a \$1,730,992 increase in the carrying value of marketable securities as at January 31, 2007, representing the aggregate cumulative unrealized gains at that time as disclosed in Note 10. The Company's investments are classified as held-to-maturity and are measured at their carrying value of \$1,948,040.

Effective February 1, 2007, the Company prospectively adopted the CICA recommendations pertaining to hedges (Section 3855), which establish standards for the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. The purpose of hedge accounting is to ensure that gains, losses, revenues and expenses from effective hedging relationships are recorded in earnings in the same period. This change in accounting policy had no effect on the consolidated financial statements for the six months ended July 31, 2007 as the Company has not designated any hedging relationships.

Effective February 1, 2007, the Company prospectively adopted the CICA recommendations regarding the reporting and disclosure of comprehensive income (Section 1530). Comprehensive income consists of changes in the equity of the Company from sources other than the Company's share owners, and includes earnings of the Company, the foreign currency translation adjustment relating to self-sustaining foreign operations and unrealized gains and losses on changes in fair values of available for sale assets and effective cash flow hedging instruments. Other comprehensive income comprises revenues, expenses and gains and losses that are recognized in comprehensive income but are excluded from earnings for the period. Comprehensive income is required to be disclosed in a separate statement in the consolidated financial statements.

Effective February 1, 2007, the Company prospectively adopted the CICA recommendations regarding the presentation of equity and changes in equity. These recommendations require separate presentation of the components of equity, including retained earnings, accumulated other comprehensive income, contributed surplus, share capital and reserves, and the changes therein.

STRONGBOW EXPLORATION INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2007
(Unaudited – Prepared by Management)

2. CHANGE IN ACCOUNTING POLICIES (cont'd...)

Investments

Investments in companies over which the Company has significant influence are accounted for by the equity method, by which the original cost of the investment is adjusted for the Company's share of earnings or losses and dividends or distributions since significant influence was acquired. Investments are classified as held-to-maturity and are measured at their carrying values.

3. MARKETABLE SECURITIES

Bayswater Uranium Corporation

In December 2005, the Company and Bayswater Ventures Corp. (subsequently changed to Bayswater Uranium Corporation) ("Bayswater") entered into a purchase and sale agreement whereby the Company agreed to sell its wholly-owned subsidiary, Jadebay, to Bayswater. The Company closed the sale of Jadebay in exchange for 1,500,000 common shares of Bayswater, received at a value of \$600,000 in March 2006. As Jadebay had no assets or liabilities, its nominal carrying value resulted in a gain on sale of \$600,000. The market value of these shares as at July 31, 2007 is \$2,025,000 (January 31, 2007 - \$2,295,000).

Tournigan Gold Corporation

In February 2007, the Company and Tournigan Gold Corporation ("Tournigan") agreed to terminate the remaining terms of the Ulster Acquisition Agreement governing the sale of Ulster Minerals Ltd. to Tournigan, thereby eliminating Tournigan's future cash and share issuance obligations to the Company. In consideration, Tournigan issued 500,000 common shares to the Company (received at a value of \$1,400,000) with a fair market value of \$1,740,000 at July 31, 2007. These common shares have been included with marketable securities and designated as available for sale. As at January 31, 2007, the Company had sold all of its previous investment, consisting of 5,000,000 common shares, in Tournigan.

Other

In addition, the Company holds common shares of several other publicly-traded Canadian listed companies. As at July 31, 2007, the total cost of these marketable securities is \$129,584 (January 31, 2007 - \$119,948) with a fair market value of \$132,030 (January 31, 2007 - \$155,940).

4. INVESTMENTS AND ADVANCES TO AFFILIATES

The Company's investments and advances to affiliates consist of the following:

	As at July 31, 2007	As at January 31, 2007
Investment – Anglo Columbia Mines Inc.	\$ 400,000	\$ 400,000
Investment – North Arrow Minerals Inc.	1,450,575	-
Advances to North Arrow Minerals Inc.	<u>97,465</u>	<u>-</u>
	<u>\$ 1,948,040</u>	<u>\$ 400,000</u>

Anglo-Columbia Mines Inc.

In December 2006, the Company sold its interest in the Chu Chua mineral claims to Anglo-Columbia Mines Inc. ("Anglo-Columbia"), a private B.C. based company in exchange for 4,000,000 common shares of Anglo-Columbia, received at a value of \$400,000 resulting in a gain on sale of mineral properties of \$392,935 during the year ended January 31, 2007.

STRONGBOW EXPLORATION INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2007
(Unaudited – Prepared by Management)

4. INVESTMENTS AND ADVANCES TO AFFILIATES (cont'd...)

North Arrow Minerals Inc.

On May 9, 2007, the Company completed a Plan of Arrangement with North Arrow Minerals Inc. (“North Arrow”). The Company transferred to North Arrow certain of its mineral property interests at their carrying value of \$3,561,246 and \$800,000 cash in exchange for 15,000,000 shares of North Arrow. The Company then distributed 10,170,261 common shares of North Arrow received to the Company’s shareholders of record as at May 9, 2007 through a reduction of capital (Note 7). Each shareholder of the Company received one North Arrow share for every five shares of the Company held, subject to reduction for small lot holders. At the distribution date, the Company continued to hold, as an investment, 4,829,741 common shares of North Arrow with a carrying value of \$1,404,246 representing approximately a 32.2% ownership interest (January 31, 2007 – Nil) in North Arrow.

The Company accounts for its investment in North Arrow using the equity method. As at July 31, 2007, the Company’s carrying value of its investment in North Arrow was \$1,450,575 representing approximately a 22.3% ownership interest and consists of:

	As at July 31, 2007	As at January 31, 2007
Cost of original investment in North Arrow Minerals Inc.	\$ 1,404,246	\$ -
Accumulated equity loss	(63,254)	-
Accumulated dilution gain	111,993	-
Private sale of 8,283 common shares	(2,410)	-
	<u>\$ 1,450,575</u>	<u>\$ -</u>

In addition, as at July 31, 2007 the Company had advanced \$97,465 to North Arrow. The advances are non-interest bearing and unsecured with no fixed terms of repayment.

5. PROPERTY AND EQUIPMENT

	<u>As at July 31, 2007</u>			<u>As at April 30, 2007</u>		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and Equipment	\$ 57,275	\$ 36,963	\$ 20,312	\$ 57,275	\$ 34,706	\$ 22,569
Computer Equipment	180,739	108,963	71,776	155,045	98,698	56,347
Software	38,816	36,537	2,279	38,816	34,258	4,558
Leasehold Improvements	<u>84,400</u>	<u>37,144</u>	<u>47,256</u>	<u>84,400</u>	<u>30,393</u>	<u>54,007</u>
	<u>\$ 361,230</u>	<u>\$ 219,607</u>	<u>\$ 141,623</u>	<u>\$ 335,536</u>	<u>\$ 198,055</u>	<u>\$ 137,481</u>

STRONGBOW EXPLORATION INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2007
(Unaudited – Prepared by Management)

6. MINERAL PROPERTIES

	January 31, 2007	Expended During The Period	Write-off of Costs & Recoveries	Transferred to NAR (Note 4)	July 31, 2007
Gold and Base Metal Properties, British Columbia					
Exploration costs	\$ 1,740,878	\$ 385,438	\$ (19,246)	\$ -	\$ 2,107,070
Acquisition costs	300,245	29,390	(19,667)	-	309,968
Geological and assays	297,674	49,804	(11,349)	-	336,128
Office and salaries	<u>961,567</u>	<u>391,238</u>	<u>(26,261)</u>	<u>-</u>	<u>1,326,544</u>
	<u>3,300,364</u>	<u>855,870</u>	<u>(76,523)</u>	<u>-</u>	<u>4,079,710</u>
Gold and Base Metal Properties, NWT and Nunavut					
Exploration costs	1,184,179	2,555,704	-	(859,782)	2,880,104
Acquisition costs	1,161,248	132,143	(32,079)	(914,931)	346,379
Geological and assays	264,792	34,045	(113)	(261,685)	37,040
Office and salaries	<u>818,312</u>	<u>315,243</u>	<u>(8,489)</u>	<u>(743,350)</u>	<u>381,715</u>
	<u>3,428,531</u>	<u>3,037,135</u>	<u>(40,681)</u>	<u>(2,779,748)</u>	<u>3,645,239</u>
Uranium Properties, Generative					
Exploration costs	-	-	-	-	-
Acquisition costs	45,495	(35,205)	-	-	10,290
Geological and assays	-	-	-	-	-
Office and salaries	<u>7,100</u>	<u>303</u>	<u>-</u>	<u>-</u>	<u>7,403</u>
	<u>52,595</u>	<u>(34,902)</u>	<u>-</u>	<u>-</u>	<u>17,693</u>
Diamond Properties, NWT and Nunavut					
Exploration costs	5,054	-	-	(5,054)	-
Acquisition costs	300,522	33,496	(1,016)	(333,003)	-
Geological and assays	204,812	481	-	(205,293)	-
Office and salaries	<u>237,442</u>	<u>1,043</u>	<u>(336)</u>	<u>(238,148)</u>	<u>-</u>
	<u>747,830</u>	<u>35,020</u>	<u>(1,352)</u>	<u>(781,498)</u>	<u>-</u>
Properties previously written-off	<u>-</u>	<u>283</u>	<u>-</u>	<u>(283)</u>	<u>-</u>
TOTAL	\$ 7,529,320	\$ 3,893,407	\$ (118,839)	\$ (3,561,246)	\$ 7,742,642

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

During the period ended July 31, 2007, the Company wrote-off \$26,738 relating to certain non-material properties and recorded recoveries of \$92,101.

6. MINERAL PROPERTIES (cont'd...)

Gold and Base Metal Properties, British Columbia

Bitterroot Agreement

In June 2006, the Company concluded an option agreement with a prospector and Bitterroot Resources Ltd. (“Bitterroot”) whereby Bitterroot may earn a 100% interest in certain claims known as the “Big Southeaster” property on Vancouver Island. Under the terms of this agreement, Bitterroot must make a cash payment of \$10,000 (the Company’s share is \$3,300 (received)) and issue 150,000 common shares of Bitterroot over a three year period (the Company’s share is 33.0% of the total common shares to be issued – 16,667 received at a value of \$9,667 and 16,333 received at a value of \$9,636). In addition, Bitterroot must issue \$50,000 worth of common shares to the Company and the prospector, prior to the third anniversary of the agreement and Bitterroot must incur exploration expenditures totaling \$50,000 before the second anniversary of the agreement. The Company will retain a 0.66% net smelter return royalty (“NSR”) on the property, one-half of which (0.33%) may be purchased by Bitterroot for \$330,000.

Skoonka Creek

The Company and Almaden Minerals Ltd. (“Almaden”) have formed a joint venture under which future exploration will be funded 51% by the Company and 49% by Almaden. During the period ended July 31, 2007, Almaden elected not to contribute to the 2007 exploration program. The Company has elected to solely fund the 2007 exploration program and as a result, its interest in the property will increase proportionately based on a standard dilution formula.

Spences Bridge Properties

In December 2005, the Company staked five mineral claims in the Spences Bridge area of British Columbia. The Company has a 100% interest in the claims, subject to a 1% NSR in favour of a prospector which may be purchased by the Company for \$1,000,000 at any time.

The Company also has agreements with a prospector whereby the Company may earn a 100% interest in certain other claims in the area upon meeting certain exploration expenditure and share payment commitments through 2012. The properties are subject to a 2% NSR, one-half of which (1%) may be purchased by the Company for \$1,000,000.

Write-offs

During the six months ended July 31, 2007, the Company wrote-off \$1,652 relating to the Chu Chua Prospect which was sold during the year ended January 31, 2007.

Gold and Base Metal Properties, Northwest Territories and Nunavut

These properties include the Anialik, Canoe Lake, Regan Lake and Ulu South properties. In addition, the Company maintains interests in various other gold and base metal properties in the Northwest Territories and Nunavut. During the period ended July 31, 2007, certain of the Company’s gold and base metal properties, including the properties listed above, were transferred to North Arrow as part of the Plan of Arrangement (Note 4). Mineral property write-offs of \$23,451 during the six months ended July 31, 2007 relate to general exploration and the Ulu South property.

Nunavut Tunngavik Incorporated (“NTI”) Properties, Nunavut

Under the terms of a March 2003 agreement with Nunavut Tunngavik Incorporated (“NTI”), the Company has earned a 100% interest in the NTI properties located in the West Kitikmeot region of Nunavut. In March 2007, a fifth year fee payment of \$101,561 was made to NTI and landholdings remained at approximately 9% of the initial landholdings covered in the original agreement. During the year ended January 31, 2007, the Company wrote-off acquisition and exploration costs of \$1,397,789. If a feasibility study is completed on any area within the NTI properties, NTI has the option of taking either a 20% participating interest or a 7.5% net profits royalty in the specific area subject to study. All of the NTI properties were transferred to North Arrow as part of the Plan of Arrangement (Note 4).

6. MINERAL PROPERTIES (cont'd...)

Nickel King (Anki) Project, NWT

The Company holds a 100% interest in a number of mineral claims in the southern Northwest Territories. Certain of these mineral claims are subject to a 3% NSR on base and precious metals production and an additional 2% GOR. The Company may purchase the entire NSR at any time for \$1,500,000 and the Company may purchase one-half (1%) of the GOR at any time for \$2,500,000.

Snowbird Nickel Project, Canada

In February 2007, the Company acquired several new mineral claims and permits in northern Saskatchewan and south-eastern Northwest Territories.

Silvertip Project, Nunavut

In November 2006, the Company acquired, by staking, a 100% interest in six mineral claims in Nunavut. A portion of these claims is subject to a 1% NSR that can be purchased by the Company at any time for \$1,000,000. The Company has the option to earn a 100% interest in a seventh mineral claim known as the "Pale" claim. Under the terms of this option agreement, the Company may earn its interest in the Pale claim by making staged cash payments totalling \$80,000 over four years and by incurring an aggregate of \$317,500 in exploration expenditures over a four year period. Upon earning a 100% interest in the Pale claim, the claim will be subject to a 2% NSR, of which one-half (1%) may be purchased at any time for \$1,000,000.

In February 2007, the Company concluded a Memorandum of Understanding ("MOU") with NTI to allow the Company to explore certain IOLs in the Back River area, Nunavut. Under the terms of the MOU, the Company and NTI are in the process of concluding a formal option agreement. This option agreement will allow the Company to earn a 100% interest in the property by completing a first year work program (to be defined) and by making annual work commitments and rental payments on the property. In addition, the option agreement will include a potential election by NTI to back-in to a working interest in a proposed mine development.

In May 2007, as part of the Plan of Arrangement (Note 4) with North Arrow, the Company granted an option to North Arrow, whereby North Arrow may earn a 60% interest in the Silvertip Project by spending \$5,000,000 to explore the property prior to December 31, 2011 with a firm commitment to spend \$300,000 prior to December 31, 2007.

Other Properties, NWT

In May 2007, the Company acquired an option to earn a 100% interest in certain mineral claims in the Northwest Territories. Under the terms of the option agreement, the Company must fund staking costs to acquire additional minerals claims and make staged payments totalling \$500,000 over five year (\$10,000 paid May 31, 2007). The property is subject to a 2.5% NSR of which the Company may purchase 1% at anytime for \$500,000. The Company may acquire an additional 1% of the royalty (bringing its interest to 2% of the NSR) at anytime for \$2,000,000.

Diamond Properties, Northwest Territories and Nunavut

These properties include the Bear property, as well as the Lac de Gras and Tenacity South properties in addition to interests in various other diamond properties in the Northwest Territories and Nunavut including the Blue Lake and Napatulik properties. During the period ending July 31, 2007, all of the Company's remaining diamond properties were transferred to North Arrow as part of the Plan of Arrangement (Note 4). Mineral property write-offs of \$1,352 during the six months ended July 31, 2007 relate to the Blue Lake and Jewel properties.

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6. MINERAL PROPERTIES (cont'd...)

Uranium Projects, Generative, Canada

In January 2006, the Company and Bayswater concluded an agreement to generate uranium exploration projects in Canada (“CUJV”). Under the terms of this agreement, Bayswater will contribute up to \$500,000 over five years to fund the acquisition of uranium projects identified by the Company and, upon identification of such project(s), Bayswater will be required to incur a further \$600,000 in exploration expenditures within two years on each of up to three uranium projects identified by the Company as “Earn-in projects”, whereby Bayswater and the Company will each hold a 50% interest in the generative project, with Bayswater as the Operator.

In February 2006, the Company and Bayswater acquired ten prospecting permits in the northern part of the North Thelon Basin, Nunavut. In April 2006, the Company and Bayswater granted a 1% NSR on metals and a 1% GOR on diamonds to a third party in consideration for staking certain claims in the South Thelon area of the NWT. The Company and Bayswater retain the right to purchase one-half of the royalties (0.5%) at any time for \$1,000,000. Both properties were acquired under the terms of the CUJV generative exploration program and have been identified by the Company as Earn-in projects.

Bayswater and the Company are related by virtue of a common director.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited common shares without par value			
Issued			
As at January 31, 2006	46,086,604	\$ 18,376,855	\$ 1,413,600
Private placements	2,000,000	1,000,000	-
Property option agreements	310,000	137,000	-
Share issue costs	-	(9,603)	-
Exercise of warrants	1,626,087	731,007	(66,404)
Exercise of options	771,250	327,322	(5,210)
Tax benefits renounced to flow-through share subscribers (Note 9)	-	(713,000)	-
Stock-based compensation	-	-	346,620
As at January 31, 2007	50,793,941	19,849,581	1,688,606
Private placements	4,710,000	4,003,500	-
Compensation units	263,522	223,994	-
Share issue costs	-	(401,264)	66,288
Exercise of options	232,500	86,498	-
Tax benefits renounced to flow-through share subscribers (Note 9)	-	(311,000)	-
Reduction of capital (Note 4)	-	(2,957,000)	-
Stock-based compensation	-	-	316,075
As at July 31, 2007	55,999,963	\$ 20,494,309	\$ 2,070,969

Share issuances

In July 2007, the Company completed a brokered private placement of 4,710,000 flow through units of the Company at a price of \$0.85 per flow through unit for gross proceeds of \$4,003,500. Each flow through unit (a “FT Unit”) consists of one flow through share (a “FT Share”) and one-half of one common share purchase warrant (each whole such purchase warrant being a “Warrant”). Each Warrant can be exercised for one common share at a price of \$1.10 until January 12, 2009.

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7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Share issuances (cont'd...)

The Company paid a fee (the "Fee") of 7% of the gross proceeds from the sale of the FT Units to the Agents, Haywood Securities Inc. and Canaccord Capital Corporation. The Fee was paid as to \$56,251.30 in cash and \$223,993.70 in compensation units. A total of 263,522 compensation units were issued at \$0.85 per unit and consisted of one common share of the Company (a "Compensation Share") and one half of one common share purchase warrant, with each whole such warrant (a "Compensation Warrant") having the same terms as the Warrants. The Agents have also been issued Compensation Options equal to 8% of the number of FT Units sold by the Company, entitling the Agents to subscribe for 376,800 shares of the Company at \$0.85 per common share exercisable until January 12, 2009. The estimated fair value of the Compensation Options is \$66,288 and has been recorded in contributed surplus.

The FT Shares, Warrants, Compensation Shares, Compensation Warrants, Compensation Options and common shares issuable on the exercise of the Warrants, Compensation Warrants and Compensation Options are all subject to a four month hold period expiring November 13, 2007.

Stock options and warrants

In June 2007, the Company's shareholders approved the adoption of the 2007 Stock Option Plan, subject to regulatory approval, which replaces the Company's former stock option plan and establishes a rolling number of shares issuable under the new plan in the amount of 10% of the Company's shares at the date of grant.

The Company's original stock option plan (the "Plan") authorized the Company to grant options to directors, officers, employees and consultants. The maximum number of shares to be issued under the Plan was 6,800,000 shares. Under the terms of the Plan, the exercise price of each option granted cannot be less than the market price at the date of grant, less a discount up to 25% in accordance with the policies of the TSX Venture Exchange. Options granted can have a term up to 10 years with vesting provisions determined by the directors in accordance with TSX Venture Exchange policies for Tier 2 Issuers. Typically, the Company has granted stock options with a vesting period of 25% upon grant and 25% every six months thereafter.

As at July 31, 2007, the following stock options and warrants were outstanding:

	Number of Shares	Exercise Price	Number of Shares Vested	Expiry Date
Options	30,000	\$ 0.3360	30,000	December 10, 2007
	91,000	0.8400	91,000	December 11, 2007
	62,500	0.4872	62,500	January 31, 2008
	5,000	0.5544	5,000	February 28, 2008
	3,500	0.8400	3,500	February 28, 2008
	43,750	0.8400	43,750	December 10, 2008
	150,000	0.8232	150,000	June 2, 2009
	1,098,750	0.6300	1,098,750	July 30, 2009
	555,000	0.2898	555,000	February 2, 2010
	237,500	0.2940	237,500	June 13, 2010
	10,000	0.2940	10,000	September 23, 2010
	685,000	0.6636	513,750	March 16, 2011
	600,000	0.3692	300,000	September 15, 2011
	40,000	0.5040	10,000	February 16, 2012
1,015,000	0.6552	253,750	March 29, 2012	
Warrants	1,000,000	\$ 0.60	1,000,000	October 6, 2007
	2,486,761	1.10	2,486,761	January 12, 2009
	376,800	0.85	376,800	January 12, 2009

In May 2007, as part of the Plan of Arrangement with North Arrow (Note 4), the exercise price of the options held by directors, officers and employees was adjusted to 84% of the pre-Arrangement exercise price.

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7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, January 31, 2007	4,027,000	\$ 0.70
Granted	1,055,000	0.77
Exercised	(232,500)	0.37
Cancelled/expired	<u>(222,500)</u>	0.83
Balance, July 31, 2007	4,627,000	\$ 0.56
Number of options currently exercisable	3,364,500	\$ 0.60

The weighted average fair value of stock options granted during the current fiscal period was \$0.34 (2006 - \$0.54) per option.

Stock-based compensation

During the six months ended July 31, 2007, the Company granted 1,055,000 (January 31, 2007 – 1,560,000) stock options with a fair value of \$449,041 (January 31, 2007 – \$644,185) which is being recognized over the vesting periods of the options. Total stock-based compensation recognized during the period ended July 31, 2007 was \$316,075 (2006 – \$143,724).

The following weighted average assumptions were used for the Black Scholes valuation of stock options granted:

	Period Ended July 31, 2007	Year Ended January 31, 2007
Risk-free interest rate	4.0%	4.0%
Expected life of options	3 years	5 years
Annualized volatility	80% ~ 82%	83% ~ 84%
Dividend rate	0.00%	0.00%

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8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties not disclosed elsewhere in these financial statements:

- a. Charged rent of \$39,048 (2006 - \$39,048) to Stornoway, a company with a common director.
- b. Charged rent of \$3,096 (2006 - \$6,192) to Helio Resources Corp., a company with a common director.

Included in receivables are amounts due from Stornoway totaling \$38,846 (January 31, 2007 - \$195,570) for exploration, administrative costs and rent paid by the Company on Stornoway's behalf.

Included in accounts payable and accrued liabilities is \$12,294 (January 31, 2007 - \$11,598) due to a company controlled by a director.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

9. INCOME TAXES

As at January 31, 2007, the Company does not have non-capital losses available for deduction against future taxable income.

Subject to certain regulations, the Company has approximately \$8,000,000 of mineral property expenditures available to reduce taxable income of future years.

During the year ended January 31, 2007, the Company issued 2,000,000 common shares (2006 - 6,410,000 common shares) on a flow-through basis for gross proceeds of \$1,000,000 (2006 - \$2,301,700). The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenses incurred on the Company's mineral properties to the flow-through participants. The Company has renounced exploration expenditures of \$1,000,000 (2006 - \$2,301,700) which resulted in a future income tax recovery and a charge against capital stock of \$311,000 (2006 - \$713,000).

10. ACCUMULATED OTHER COMPREHENSIVE INCOME

Balance, January 31, 2007	\$	-
Adjustment for cumulative unrealized gains on available-for-sale investments at February 1, 2007 (Note 2)		1,730,992
Unrealized gains on available-for-sale investments		<u>36,453</u>
As at July 31, 2007	\$	<u>1,767,445</u>

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the six months ended July 31, 2007 were:

- a) The Company receiving 500,000 common shares of Tournigan valued at \$1,400,000 pursuant to the sale of future mineral property rights (Note 3).
- b) The Company incurring mineral property expenditures of \$678,500 that are included in accounts payable and accrued liabilities and the Company accruing a recovery of mineral property expenditures of \$1,400 that is included in receivables.
- c) The Company receiving 16,333 common shares of Bitterroot valued at \$9,637 pursuant to the sale of future mineral property rights (Note 6).

The significant non-cash transactions for the period ended July 31, 2006 were:

- d) The Company receiving 150,000 common shares of Tanqueray at a value of \$31,500 pursuant to two property option agreements.
- e) The Company receiving 1,500,000 common shares of Bayswater at a value of \$600,000 pursuant to the sale of Jadebay Limited.
- f) The Company receiving 16,667 common shares of Bitterroot at a value of \$9,667 pursuant to a property option agreement.
- g) The Company incurring mineral property expenditures of \$273,996 that are included in accounts payable and accrued liabilities and the Company accruing a recovery of mineral property expenditures of \$14,521 that is included in receivables.

At July 31, 2007, cash and equivalents of \$8,067,326 (January 31, 2007 - \$8,924,951) consisted of cash on deposit of \$8,067,326 (January 31, 2007 - \$830,996) and short-term investments of \$Nil (January 31, 2007 - \$8,093,955).

12. COMMITMENTS

The Company is committed to minimum future lease payments for premises through to January 31, 2011 as follows:

Fiscal year ending January 31, 2008	\$ 156,754
Fiscal year ending January 31, 2009	\$ 156,754
Fiscal year ending January 31, 2010	\$ 156,754
Fiscal year ending January 31, 2011	\$ 156,754

The Company's lease costs may be reduced due to recoveries through sub-leases.

13. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, marketable securities, receivables, investments and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

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14. SUBSEQUENT EVENT

In August 2007, the Company entered into an agreement with Almaden whereby the Company may earn a 60% interest in the Ponderosa property, located within the Spences Bridge gold belt, British Columbia. Under the terms of the agreement with Almaden, the Company may earn a 60% interest in the Ponderosa property by issuing to Almaden 1,050,000 shares (200,000 issued at a value of \$106,000) and by completing exploration expenditures of \$4,000,000 prior to December 31, 2012. Under certain conditions, Strongbow may elect to pay Almaden \$500,000 in cash in lieu of the final 200,000 share payment. The agreement includes a commitment to spend \$150,000 exploring the property prior to December 31, 2007.