

COPPER REEF MINING CORPORATION

FINANCIAL STATEMENTS

SIX MONTHS ENDED MAY 31, 2008

(Unaudited)

COPPER REEF MINING CORPORATION

SIX MONTHS ENDED MAY 31, 2008

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REVIEW ENGAGEMENT REPORT

To the Directors of Copper Reef Mining Corporation:

We have reviewed the balance sheet of Copper Reef Mining Corporation as at May 31, 2008 and the statements of operations and deficit and of cash flow for the six months then ended. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Flin Flon, Manitoba
July 8, 2008

KENDALL WALL PANDYA
CHARTERED ACCOUNTANTS

COPPER REEF MINING CORPORATION

(Incorporated under the laws of Manitoba)

BALANCE SHEET**AS AT MAY 31, 2008****(Unaudited)**

	<u>2008</u>	November 30 <u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,367,956	\$ 90,323
GST receivable	<u>104,138</u>	<u>30,086</u>
	1,472,094	120,409
INCORPORATION FEES	476	476
MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (Note 3)	4,268,613	2,955,806
FUTURE INCOME TAX ASSETS	<u>233,089</u>	<u>233,089</u>
	<u>\$ 5,974,272</u>	<u>\$ 3,309,780</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ <u>83,760</u>	\$ <u>475,659</u>
	83,760	475,659
LONG-TERM DEBT (Note 4)	<u>50,706</u>	<u>50,706</u>
	<u>134,466</u>	<u>526,365</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 5)	7,521,095	4,150,581
DEFICIT	(1,681,289)	(1,367,166)
ACCUMULATED OTHER COMPREHENSIVE INCOME (Note 7)	<u>-</u>	<u>-</u>
	<u>5,839,806</u>	<u>2,783,415</u>
	<u>\$ 5,974,272</u>	<u>\$ 3,309,780</u>

COPPER REEF MINING CORPORATION

STATEMENT OF OPERATIONS AND DEFICIT

SIX MONTHS ENDED MAY 31, 2008

(Unaudited)

	Three Months Ended		Six Months Ended	
	May 31 2008	May 31 2007	May 31 2008	May 31 2007
OPERATING EXPENSES				
Advertising and promotion	\$ 6,823	\$ -	\$ 12,878	\$ -
Bank charges and interest	161	6,057	8,288	6,304
Consulting	32,434	-	129,303	12,000
Delivery and freight	1,016	48	2,436	692
Dues and registrations	1,908	-	1,908	-
Equipment rental	-	400	-	400
Filing fees	17,765	552	34,581	1,380
Land management fees	88	969	1,073	3,067
Office	11,127	662	21,232	1,767
Professional fees	8,455	19,599	17,520	35,898
Rent	2,137	5,100	10,065	8,700
Subcontract	8,560	8,654	8,848	17,014
Telephone	2,984	-	4,512	-
Travel	5,995	448	9,521	895
Utilities	1,665	1,409	4,105	4,011
Vehicle	18,033	-	37,323	170
Wages	8,449	-	16,348	-
	127,600	43,898	319,941	92,298
OTHER INCOME	-	-	5,818	6,030
LOSS BEFORE INCOME TAXES	(127,600)	(43,898)	(314,123)	(86,268)
PROVISION FOR (RECOVERY OF) INCOME TAXES FUTURE	-	(776)	-	(776)
NET LOSS FOR THE PERIOD	(127,600)	(43,122)	(314,123)	(85,492)
OTHER COMPREHENSIVE INCOME (Note 7)	-	-	-	-
NET COMPREHENSIVE LOSS FOR THE PERIOD	(127,600)	(43,122)	(314,123)	(85,492)
Deficit at beginning of period	(1,553,689)	(919,150)	(1,367,166)	(876,780)
DEFICIT AT END OF PERIOD	(1,681,289)	(962,272)	(1,681,289)	(962,272)
Loss per share	\$ 0.004	\$ 0.002	\$ 0.011	\$ 0.004
Fully diluted loss per share	\$ 0.003	\$ 0.002	\$ 0.009	\$ 0.004

COPPER REEF MINING CORPORATION

STATEMENT OF CASH FLOW

SIX MONTHS ENDED MAY 31, 2008

(Unaudited)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>May 31</u>	<u>May 31</u>	<u>May 31</u>	<u>May 31</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
FUNDS PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Cash receipts from customers	\$ -	\$ -	\$ -	\$ (144,000)
Cash paid to suppliers and employees	(273,761)	(209,763)	(711,840)	(270,317)
Cash received (paid) on income and other taxes	(41,061)	(8,805)	(74,052)	13,906
Interest received	-	-	-	257
Other cash received	-	-	<u>5,818</u>	<u>5,773</u>
Funds used in operating activities	<u>(314,822)</u>	<u>(218,568)</u>	<u>(780,074)</u>	<u>(394,381)</u>
FUNDS PROVIDED BY (USED IN)				
INVESTING ACTIVITIES				
Net increase in deferred exploration and other expenditures	(730,882)	(85,936)	(1,306,807)	(189,198)
Net increase in mining claims	<u>(6,000)</u>	<u>-</u>	<u>(6,000)</u>	<u>-</u>
Funds used in investing activities	<u>(736,882)</u>	<u>(85,936)</u>	<u>(1,312,807)</u>	<u>(189,198)</u>
FUNDS PROVIDED BY (USED IN)				
FINANCING ACTIVITIES				
Capital stock issuance	<u>-</u>	<u>334,200</u>	<u>3,370,514</u>	<u>671,200</u>
INCREASE (DECREASE) IN FUNDS	(1,051,704)	29,696	1,277,633	87,621
Cash and cash equivalents at beginning of period	<u>2,419,660</u>	<u>102,518</u>	<u>90,323</u>	<u>44,593</u>
CASH AND CASH EQUIVALENTS				
AT END OF PERIOD	<u>\$ 1,367,956</u>	<u>\$ 132,214</u>	<u>\$ 1,367,956</u>	<u>\$ 132,214</u>

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Cash	<u>\$ 1,367,956</u>	<u>\$ 132,214</u>	<u>\$ 1,367,956</u>	<u>\$ 132,214</u>
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COPPER REEF MINING CORPORATION

NOTES TO FINANCIAL STATEMENTS SIX MONTHS ENDED MAY 31, 2008 (Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Copper Reef Mining Corporation (the "Company") is a Canadian company incorporated in Ontario. The Company's principal activity is the acquisition, exploration and evaluation of mineral properties in Canada.

These financial statements have been prepared on a going concern basis assuming the Company will be able to realize its assets and liabilities in the normal course of business for the foreseeable future. Continuing operations of the Company are dependent upon its ability to continue raising adequate financing and to commence profitable operations in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the financial statement date, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

INCOME TAXES

The Company follows the asset and liability method of tax allocation whereby future income taxes are recognized for temporary differences between the tax and accounting bases of the Company's assets and liabilities based on the income tax rates and laws that are expected to apply in the periods in which the differences are expected to affect income.

MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

Exploration, development and other expenditures relating to non-producing properties are capitalized by property until such time as the mining properties are brought into production or abandoned. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. Upon abandonment, the expenditures are written off to operations. When properties are brought into commercial production, additional development work is expensed as incurred, except for major development expenditures which are capitalized. Mineral properties and deferred exploration costs are amortized over the expected economic life of the mine. The recovery of these expenditures, and the carrying value of related mining claims, is dependent upon the successful development of an economic mining operation.

Mineral properties and deferred exploration costs are shown net of related future income taxes.

A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

FLOW-THROUGH SHARES

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by investors rather than the Company. Recording these expenditures for accounting purposes gives rise to taxable temporary differences.

When flow-through expenditures are renounced, a portion of the future income tax assets are recognized as a recovery of income taxes in the statement of operations.

STOCK-BASED COMPENSATION

The fair value of stock options granted is determined using the Black-Scholes option pricing model and recorded as stock-based compensation expense over the vesting period of the stock options.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, GST receivable, 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 risk arising from these financial instruments and the fair value of these financial instruments approximates their carrying value.

COMPREHENSIVE INCOME

Section 1530 introduces Comprehensive Income, which consists of Net Income and Other Comprehensive Income (OCI). OCI represents changes in Shareholders' Equity during a period arising from transactions including unrealized gains and losses on financial instruments. Because the fair value approximates the carrying value there is no Other Comprehensive Income or Accumulated Other Comprehensive Income.

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

Title to mineral property interests involves certain inherent risks due to the difficulty 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 claims. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, expects title to all of its interests to be in good standing.

Annual Balance by Category

	<u>May 31, 2008</u>	<u>Nov 30, 2007</u>	<u>Nov 30, 2006</u>
Acquisition costs	\$ 6,000	\$ -	\$ 60,000
Deferred exploration costs	<u>1,306,807</u>	<u>565,052</u>	<u>79,894</u>
	<u>\$ 1,312,807</u>	<u>\$ 565,052</u>	<u>\$ 139,894</u>

7,220,000 shares were issued for the acquisition of mineral properties.

Annual Balance by Property

	<u>November 30, 2007</u>			<u>May 31, 2008</u>			
	Total Costs to Nov 30, 2006	Costs incurred during the year	Written off to deficit during the year	Total Costs to Nov 30, 2007	Costs incurred during the period 6 Months	Written off to deficit during the period	Total Costs to May 31, 2008
McIlvenna	1,500,000	280,769	-	1,780,769	-	-	1,780,769
Mink Narrows	407,826	123,668	-	531,494	1,184,846	-	1,716,340
Jewel Box	-	1,300	-	1,300	1,274	-	2,574
Gold Rock	-	139,916	-	139,916	14,479	-	154,395
Lucille	50,000	3,238	-	53,238	-	-	53,238
Kiss	-	6,450	-	6,450	6,424	-	12,874
Hanson Lake	60,000	5,442	-	65,442	93,411	-	158,853
Other	-	4,269	-	4,269	12,373	-	16,642
Opening	<u>538,567</u>	-	-	<u>538,567</u>	-	-	<u>538,567</u>
	<u>2,556,393</u>	<u>565,052</u>	-	<u>3,121,445</u>	<u>1,312,807</u>	-	<u>4,434,252</u>
Less:							
Future Taxes	<u>(103,262)</u>	-	-	<u>(165,639)</u>	-	-	<u>(165,639)</u>
	<u>\$ 2,453,131</u>	<u>\$ 565,052</u>	<u>\$ -</u>	<u>\$ 2,955,806</u>	<u>\$ 1,312,807</u>	<u>\$ -</u>	<u>\$ 4,268,613</u>

Exploration Expenditures by Activity for Period Ended May 31, 2008

Total	McIlvenna	Mink Narrows	Jewel Box	Gold Rock	Lucille	Kiss	Hanson Lake	Other	Opening	
Acquisition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ -	\$ -	\$ 6,000
Camp	-	91	-	14	-	-	-	-	-	105
Geological	-	21,395	-	1,375	-	-	21,353	1,750	-	45,873
Line cutting	-	-	-	2,150	-	-	-	-	-	2,150
Field sup/Equip	-	32,013	-	4,624	-	-	-	-	-	36,637
Consulting	-	678	-	-	-	-	-	-	-	678
Management/Adm	-	54,092	1,274	820	-	6,424	5,412	6,407	-	74,429
Salaries	-	77,525	-	-	-	-	-	-	-	77,525
Drilling	-	972,608	-	39	-	-	-	-	-	972,647
Geophysics	-	2,025	-	-	-	-	60,646	-	-	62,671
Rent/Storage	-	5,027	-	-	-	-	-	-	-	5,027
Lab Assay	-	6,364	-	660	-	-	-	4,216	-	11,240
Vehicle	-	13,028	-	4,797	-	-	-	-	-	17,825
Total	-	1,184,846	1,274	14,479	-	6,424	93,411	12,373	-	1,312,807
Opening	1,780,769	531,494	1,300	139,916	53,238	6,450	65,442	4,269	538,567	3,121,445
Future Taxes	-	-	-	-	-	-	-	-	-	(165,639)
Closing	<u>\$ 1,780,769</u>	<u>\$ 1,716,340</u>	<u>\$ 2,574</u>	<u>\$ 154,395</u>	<u>\$ 53,238</u>	<u>\$ 12,874</u>	<u>\$ 158,853</u>	<u>\$ 16,642</u>	<u>\$ 538,567</u>	<u>\$ 4,268,613</u>

4. LONG-TERM DEBT

	<u>2008</u>	<u>2007</u>
Shareholders' advances, non-interest bearing, no specified terms of repayment.	<u>\$ 50,706</u>	<u>\$ 50,706</u>

5. CAPITAL STOCK

Authorized
Unlimited common shares, no par value.

	<u>2008</u>	<u>2007</u>
Issued		
26,010,695 Shares for cash (Nov 30, 2007 - 14,053,120)	\$ 6,639,647	\$ 3,068,688
7,220,000 Shares for mining claims (2007 - 7,220,000)	402,500	402,500
957,895 Shares for exploration, (2007 - 957,895) development and other expenditures	<u>478,948</u>	<u>478,948</u>
	<u>\$ 7,521,095</u>	<u>\$ 3,950,136</u>

During the 6 month period the company issued 11,957,575 (3 mos - nil; 12 mos 2007 - 4,537,834) shares for cash and nil (2007 - nil) shares for mining claims. There was a 2,250,000 share reduction in 2006 pursuant to a settlement agreement.

(A) Incentive Stock Options

The Company entered into Incentive Stock Option Agreements ("Agreements") with directors, officers and employees whereby the exercise price of each option is .20 per common share, expiring May, 2010.

The following tables summarize the Company's outstanding stock options:

	Number of Shares	Weighted Average Exercise Price
Options outstanding at November 30, 2006 and 2007	1,500,000	0.20
Granted	-	-
Exercised	-	-
Cancelled	-	-
Options outstanding at May 31, 2008	<u>1,500,000</u>	<u>0.20</u>

(B) Share warrants

Of the 3,539,167 common flow-thru share warrants outstanding at May 31, 2008, 451,000 are exercisable at \$0.20 per warrant until December 13, 2008; 50,000 are exercisable at \$0.20 per warrant until December 31, 2008; 283,334 are exercisable at \$0.45 per warrant until February 1, 2009; 1,114,000 are exercisable at \$0.45 per warrant until May 29, 2009; 1,333,333 are exercisable at \$0.40 per warrant until June 20, 2009; 41,750 are exercisable at \$0.30 per warrant until September 26, 2009; and 265,750 are exercisable at \$0.33 per warrant until September 26, 2009.

The following table summarizes warrants outstanding at the end of the period:

	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding at November 30, 2006	1,525,000	\$ 0.20
Issued to private placement places	2,955,834	0.33
Exercised and converted to flow-thru shares	(775,000)	0.20
Expired during the period	-	-
Warrants outstanding at November 30, 2007	3,705,834	0.30
Issued to private placement places	1,333,333	0.40
Exercised and converted to flow-thru shares	(200,000)	0.20
Expired during the period	<u>(1,300,000)</u>	<u>0.20</u>
Warrants outstanding at May 31, 2008	<u>3,539,167</u>	<u>0.39</u>

6. INCOME TAX

A reconciliation of income taxes at statutory rates is as follows:

	<u>2008</u>	<u>2007</u>
Income (loss) before income taxes	<u>\$ (186,523)</u>	<u>\$ (495,244)</u>
Expected income tax (recovery)	\$ -	\$ -
Recognized benefit of non-capital losses	-	(67,235)
Recognized expense of exploration and development expenditures	-	62,377
Total income taxes (recovery)	<u>\$ -</u>	<u>\$ (4,858)</u>

The significant components of the Company's future income taxes areas follows:

Future income tax asset		
Non-capital loss carryforward	<u>\$ 233,089</u>	<u>\$ 233,089</u>

Future income tax liability

Cumulative exploration and development expenditures \$ (165,639) \$ (165,639)

The company has unapplied non-capital losses to November 30, 2007 of \$1,434,387 which can be used \$215,520 to 2015, \$723,623 to 2016, and \$495,244 to 2027.

7. OTHER COMPREHENSIVE INCOME

All gains and losses, including those arising from all financial instruments, have been recognized in net income for the year. There are no items giving rise to Other Comprehensive Income, nor is there any accumulated balance of Other Comprehensive Income.