
Consolidated Financial Statements

Macusani Yellowcake Inc.

For the Three Months Ended December 31, 2007

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NOTICE TO READER

The accompanying unaudited interim consolidated financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these financial statements.

Macusani Yellowcake Inc.

Consolidated Balance Sheets
Unaudited - see Notice to Reader

	December 31, 2007	September 30, 2007 (Audited)
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,777,738	\$ 3,666,005
Other receivables	112,398	67,044
Prepaid expenses	<u>59,481</u>	<u>5,060</u>
	2,949,617	3,738,109
Deferred Transaction Costs (note 3)	-	124,596
Mineral Properties and Deferred Exploration Costs (note 7)	<u>3,153,759</u>	<u>2,539,461</u>
	<u>\$ 6,103,376</u>	<u>\$ 6,402,166</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	<u>\$ 294,814</u>	<u>\$ 176,632</u>
Shareholders' Equity		
Share Capital (note 8)	6,843,599	6,649,849
Warrants (note 9)	972,690	972,690
Stock Options (note 10)	945,000	780,000
Deficit	<u>(2,952,727)</u>	<u>(2,177,005)</u>
	<u>5,808,562</u>	<u>6,225,534</u>
	<u>\$ 6,103,376</u>	<u>\$ 6,402,166</u>

Approved on behalf of the Board

Signed "Lonnie Kirsh", Director

Signed "R. James Andersen", Director

Macusani Yellowcake Inc.

Consolidated Statements of Operations and Deficit
For the Periods Ended December 31, 2007 and 2006
Unaudited - see Notice to Reader

	Three months Ended December 31, 2007	Period from November 9, 2006 to December 31, 2006
Revenue		
Interest income	\$ 10,953	\$ -
Expenses		
Administrative and office	1,469	-
Advertising and promotion	11,968	-
Bank charges	607	285
Consulting fees	81,807	60,000
Foreign exchange	390	-
Investor relations and marketing fees	165,166	-
Professional fees	38,725	2,685
Rent and utilities	6,000	-
Reverse takeover transaction costs (note 3)	386,762	-
Stock-based compensation (note 10)	165,000	-
Transfer and filing fees	17,454	-
Travel	20,917	-
	<u>896,265</u>	<u>62,970</u>
Net Loss for the Period	(885,312)	(62,970)
Deficit - Beginning of Period	(2,177,005)	-
Reverse Takeover Transaction Costs (note 3)	<u>109,590</u>	-
Deficit - End of Period	<u>\$ (2,952,727)</u>	<u>\$ (62,970)</u>
Loss per Share - basic and diluted	<u>\$ (0.04)</u>	<u>\$ -</u>
Weighted Average Number of Common Shares Outstanding - basic and diluted	<u>23,824,111</u>	<u>22,881,285</u>

Macusani Yellowcake Inc.

Consolidated Cash Flow Statements

For the Periods Ended December 31, 2007 and 2006

Unaudited - see Notice to Reader

	Three months Ended December 31, 2007	Period from November 9, 2006 to December 31, 2006
Cash Flows from Operating Activities		
Net loss	\$ (885,312)	\$ (62,970)
Items not affecting cash:		
Stock based compensation	165,000	-
Deferred transaction costs	<u>386,762</u>	<u>-</u>
	(333,550)	(62,970)
Net changes in non-cash working capital:		
Decrease (increase) in accounts receivable	(30,586)	(4,121)
Decrease (increase) in prepaid expenses	(54,421)	-
Increase (decrease) in accounts payable and accrued liabilities	<u>128,568</u>	<u>-</u>
	(289,989)	(67,091)
Cash Flows from Financing Activities		
Issuance of share capital	-	627,452
Issuance of warrants	-	126,300
Transaction costs	(88,129)	-
Exercise of options	40,000	-
Due to related parties	-	110,278
Cash acquired on amalgamation	<u>65,901</u>	<u>-</u>
	17,772	864,030
Cash Flows from Investing Activities		
Mineral properties and deferred exploration costs	<u>(616,050)</u>	<u>(222,081)</u>
Change in Cash and Cash Equivalents	(888,267)	574,858
Cash and Cash Equivalents - Beginning of Period	<u>3,666,005</u>	<u>-</u>
Cash and Cash Equivalents - End of Period	<u>\$ 2,777,738</u>	<u>\$ 574,858</u>
Supplemental Cash Flow Information		
Interest received	<u>\$ 11,982</u>	<u>\$ -</u>

Macusani Yellowcake Inc.

Notes to the Consolidated Financial Statements
For the Three Months Ended December 31, 2007
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1. Nature of Operations

Masucani Yellowcake Inc. (the “Company”) is an Ontario corporation formed by amalgamation on October 31, 2007 as described below. A predecessor corporation, Macusani Yellowcake Inc. (“Old Macusani”), commenced operations in November 2006. The other predecessor corporation, Silver Net Equities Corp. (“Silver Net”), was classified as a Capital Pool Company as defined by the TSX Venture Exchange.

The Company owns numerous mineral property claims in Peru. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves. Consequently, the Company considers itself to be an exploration stage company.

2. Acquisition

Old Macusani entered into an option agreement with Global Gold SAC, a Peruvian company, dated November 9, 2006 (the “Option Agreement”), under which Old Macusani acquired an option allowing Old Macusani to acquire up to a 49% undivided interest in Global Gold properties with the right to increase its interest to 85% under certain circumstances.

On January 31, 2007, Old Macusani purchased 99.5% of the outstanding shares of Global Gold SAC for purchase consideration of \$525,000; accordingly, the above-noted Option Agreement has been superceded. Old Macusani allocated the purchase price to the fair market value of the assets acquired. Specifically, \$866 was allocated to cash and cash equivalents and \$524,134 was allocated to mineral properties and deferred exploration costs. The purchase price was satisfied by the issuance of 1,500,000 common shares.

3. Acquisition and Amalgamation

Old Macusani entered into a letter agreement (the “Agreement”) with Silver Net dated March 22, 2007 under which Old Macusani issued an offer to the shareholders of Silver Net to amalgamate the two entities to form one entity.

On October 31, 2007, pursuant to the Agreement, Old Macusani amalgamated with Silver Net and issued 1,100,000 common shares of the Company to the shareholders of Silver Net in exchange for all of the issued and outstanding shares of Silver Net, and 110,000 stock options in exchange for all of the issued and outstanding Silver Net stock options. Completion of the transaction constituted Silver Net’s qualifying transaction. The shareholders of Old Macusani held the majority of the outstanding shares of the Company following the transaction, and accordingly, the transaction has been accounted for as a reverse takeover. Since Silver Net’s operations do not constitute an economic unit, the transaction has been accounted for as a capital transaction. The comparative figures presented in these financial statements are the historical results of Old Macusani.

On November 13, 2007, the common shares of the Company began trading on the TSX Venture Exchange.

Macusani Yellowcake Inc.

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4. Changes in Accounting Policies

a) Capital Disclosures

CICA Handbook Section 1535, Capital Disclosures requires disclosure of an entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and, if it has not complied, the consequences of such non-compliance. Section 1535 was effective for the Company as of October 1, 2007. The Company's objective is to raise sufficient capital to execute its exploration plan. The Company does not use any capital-based metrics. The Company does not have any externally imposed capital requirements.

b) Financial Instruments

CICA Handbook Section 3862, Financial Instruments - Disclosures, and CICA Handbook Section 3863, Financial Instruments - Presentation replace CICA Handbook Section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing disclosure requirements while leaving presentation requirements unchanged. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. Sections 3862 and 3863 were effective for the Company as of October 1, 2007.

As at December 31, 2007, cash and cash equivalents includes 74,886 United States Dollars and 784 Peruvian Nuevos Soles, other receivables includes 155,529 Peruvian Nuevos Soles and accounts payable and accrued liabilities includes 2,140 United States Dollars and 9,089 Peruvian Nuevos Soles.

At December 31, 2007, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the period would have been \$7,209 higher (lower). If the Canadian Dollar had weakened (strengthened) 10 percent against the Peruvian Nuevos Sol with all other variables held constant, the net loss for the period would have been \$4,829 higher (lower).

5. Interim Financial Statements

These unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles on a basis consistent with those followed in the most recent audited financial statements. These interim consolidated financial statements have not been reviewed by the Company's auditors.

The notes presented in these unaudited interim consolidated financial statements include only significant events and transactions and are not fully inclusive of all matters required by Canadian generally accepted accounting principles for annual audited financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the period from November 9, 2006 to September 30, 2007.

Macusani Yellowcake Inc.

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6. Basis of Presentation

These interim consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is significant doubt about the appropriateness of the use of the going concern assumption because the Company has experienced losses and negative operating cash flows. The application of the going concern concept is dependent on the Company's ability to generate future profitable operations. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become payable.

These interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for these interim consolidated financial statements, then adjustments may be necessary in the carrying value of assets and liabilities and the balance sheet classifications used. See also note 5.

7. Mineral Properties and Deferred Exploration Costs

	Three Months Ended December 31, 2007	Period from November 9, 2006 to December 31, 2006
Current expenditures	\$ 614,298	\$ 222,081
Balance - beginning of period	2,539,461	-
Write-down of mineral properties	-	-
Balance - end of period	<u>\$ 3,153,759</u>	<u>\$ 222,081</u>

Macusani Yellowcake Inc.

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8. Share Capital

a) Authorized:

Unlimited common shares

b) Common Shares Issued and Outstanding:

	<u>Number</u>	<u>Amount</u>
Macusani Yellowcake Inc. (Old)		
Balance - September 30 and October 30, 2007	<u>22,881,285</u>	<u>\$ 6,649,849</u>
Macusani Yellowcake Inc. (New) (formerly Silver Net Equities Corp.)		
Balance - September 30 and October 30, 2007	2,000,000	\$ 222,564
Elimination of share capital in Silver Net	(900,000)	(222,564)
Issued to shareholders of Old Macusani upon amalgamation	22,881,285	6,649,849
Issued for services rendered	205,000	153,750
Issued on exercise of options	<u>110,000</u>	<u>40,000</u>
Balance - December 31, 2007	<u>24,296,285</u>	<u>\$ 6,843,599</u>

During the period ended December 31, 2007, the Company:

- i) Issued 110,000 common shares pursuant to the exercise of an equivalent number of stock options for cash proceeds of \$40,000.
- ii) Issued 205,000 common shares to pay finder's and sponsor's fees of \$153,750 related to the acquisition and amalgamation described in note 3.
- iii) Issued 22,881,285 common shares in exchange for the 22,881,285 issued and outstanding common shares of Old Macusani in conjunction with the acquisition and amalgamation as described in note 3. Upon amalgamation, the shares of Old Macusani had a recorded value of \$6,649,849, which has been allocated to the common shares issued.

Macusani Yellowcake Inc.

Notes to the Consolidated Financial Statements
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9. Warrants

	<u>Number</u>	<u>Amount</u>
Macusani Yellowcake Inc. (Old)		
Balance - September 30 and October 30, 2007	<u>5,327,974</u>	\$ 972,690
Macusani Yellowcake Inc. (New) (formerly Silver Net Equities Corp.)		
Balance - September 30 and October 30, 2007	-	\$ -
Issued to shareholders of Old Macusani upon amalgamation	<u>5,327,974</u>	972,690
Balance - December 31, 2007	<u>5,327,974</u>	\$ 972,690

As at December 31, 2007, the following common share purchase warrants (“Warrants”) were issued and outstanding:

- a) 1,994,642 Warrants entitling the holder to purchase one common share at \$0.50 per share at any time on or before the earlier of (i) December 31, 2008 or (ii) 180 days after the date the Company becomes a reporting issuer in any province or territory (the “expiry date”).
- b) 3,333,332 Warrants entitling the holder to purchase one common share at \$1 per share at any time on or before the earlier of (i) December 31, 2008 or (ii) twelve months after the date the Company becomes a reporting issuer in the province of Ontario (the “expiry date”).

10. Stock Options

- a) The Company has adopted a stock option plan for the Company (the “Plan”). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase shares to directors, officers, employees and consultants of the Company.

Under the Plan, the aggregate number of shares to be issued upon the exercise of outstanding options granted thereunder may not exceed 15% of the number of issued and outstanding shares.

Expiry dates and exercise prices shall be determined by the Board of Directors. The exercise price shall not be less than the market price.

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10. Stock Options (continued)

b) During the period from October 1, 2007 to October 30, 2007, Old Macusani:

- i) Granted 250,000 stock options to a director. Each option entitles the holder to purchase one share of Old Macusani's common stock at a price of \$0.80 per share until October 10, 2010.

The fair value of stock options to a director was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Expected dividend yield	Nil
Risk-free interest rate	4.40%
Expected life	3.0 years
Expected volatility	100%

c) During the period from October 31, 2007 to December 31, 2007, the Company:

- i) Granted 45,000 stock options to a consultant. Each option entitles the holder to purchase one share of the Company's common stock at a price of \$0.95 per share until November 20, 2010.

The fair value of stock options to a consultant was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Expected dividend yield	Nil
Risk-free interest rate	3.75%
Expected life	3.0 years
Expected volatility	100%

- ii) Granted 100,000 stock options to consultants. Each option entitles the holder to purchase one share of the Company's common stock at a price of \$0.80 per share until December 20, 2010.

The fair value of stock options to consultants was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Expected dividend yield	Nil
Risk-free interest rate	3.81%
Expected life	3.0 years
Expected volatility	100%

- iii) Granted 3,150,000 options in exchange for the 3,150,000 outstanding options of Old Macusani in conjunction with the acquisition and amalgamation described in note 3. The options had a recorded value of \$875,000, and were exercisable at various prices.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

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10. Stock Options (continued)

d) A summary of changes to stock options is as follows:

	<u>Number</u>	<u>Amount</u>
Macusani Yellowcake Inc. (Old)		
Balance - September 30, 2007	2,900,000	\$ 780,000
Granted	250,000	95,000
	<u>3,150,000</u>	<u>\$ 875,000</u>
Balance - October 30, 2007	<u>3,150,000</u>	<u>\$ 875,000</u>
Macusani Yellowcake Inc. (New) (formerly Silver Net Equities Corp.)		
Balance - September 30 and October 30, 2007	200,000	\$ 16,300
Elimination of options in Silver Net	(90,000)	(16,300)
Granted to shareholders of Old Macusani upon amalgamation	3,150,000	875,000
Granted	145,000	70,000
Exercised	<u>(110,000)</u>	<u>-</u>
Balance - December 31, 2007	<u>3,295,000</u>	<u>\$ 945,000</u>

e) Stock options were granted, exercised and expired/cancelled as follows:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Macusani Yellowcake Inc. (Old)		
Balance - September 30, 2007	2,900,000	\$ 0.66
Granted	250,000	0.80
	<u>3,150,000</u>	<u>\$ 0.67</u>
Balance - October 30, 2007	<u>3,150,000</u>	<u>\$ 0.67</u>

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10. Stock Options (continued)

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Macusani Yellowcake Inc. (New) (formerly Silver Net Equities Corp.)		
Balance - September 30 and October 30, 2007	200,000	\$ 0.20
Elimination of options in Silver Net	(90,000)	-
Granted to shareholders of Old Macusani upon amalgamation	3,150,000	0.67
Granted	145,000	0.85
Exercised	<u>(110,000)</u>	<u>(0.36)</u>
Balance - December 31, 2007	<u>3,295,000</u>	<u>\$ 0.67</u>

f) As at December 31, 2007 the following stock options were outstanding:

<u>Option Price</u>	<u>Number of Options</u>	<u>Expiry Date</u>
\$ 0.50	1,200,000	January 30, 2010
\$ 0.50	200,000	February 7, 2010
\$ 0.80	1,500,000	May 29, 2010
\$ 0.80	250,000	October 10, 2010
\$ 0.95	45,000	November 20, 2010
\$ 0.80	100,000	December 20, 2010

11. Related Party Transactions

During the period ended December 31, 2007 the Company:

- a) Incurred consulting fees of \$31,250 with a company controlled by a director. The director is also an officer and a shareholder. As at December 31, 2007, \$2,724 was included in accounts payable and accrued liabilities.
- b) Incurred fees of \$43,030 with a legal firm in which a director of the Company is a partner. As at December 31, 2007, \$43,030 was included in accounts payable and accrued liabilities.
- c) Incurred management fees of \$29,460 and vehicle rental expenses of \$1,768, related to deferred exploration costs, with a company controlled by a director.

Macusani Yellowcake Inc.

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12. Commitments

During the period, the Company amended an existing agreement which called for the provision of investor relations and corporate marketing services in exchange for the quarterly issuance of 250,000 common shares of the Company until February 29, 2008. This agreement was amended to extend the period of the agreement to March 31, 2009. The quarterly issuance of 250,000 common shares of the Company was replaced by a quarterly fee of \$100,000 payable in common shares of the Company at the Company's option, subject to regulatory approval.

During the period, the Company amended an existing agreement which called for the provision of financial and corporate advisory services in exchange for the quarterly issuance of 60,000 common shares of the Company until January 31, 2010. This agreement was amended to replace the quarterly issuance of 60,000 common shares of the Company with a quarterly fee of \$24,000 payable in cash, subject to regulatory approval.

During the period, the Company amended an existing agreement which called for the provision of corporate consulting services in exchange for an annual fee of \$60,000 payable monthly and the quarterly issuance of 30,000 common shares of the Company until January 31, 2010. This agreement was amended to replace the annual fee of \$60,000 and the quarterly issuance of 30,000 common shares of the Company with an annual fee of \$125,000 payable quarterly in cash.

13. Environmental Obligations

The Company's mining and exploration activities are governed by Peruvian Legislative Decree No. 613. The Company is required to present environmental studies on the impact of its exploration and mining operations to the Ministry of Energy and Mines.

To date, the Company has not incurred any significant environmental liabilities.