

**CORTEZ RESOURCES CORP.**

INTERIM FINANCIAL STATEMENTS

May 31, 2007

(Stated in Canadian Dollars)  
(Unaudited)

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THE ACCOMPANYING FINANCIAL STATEMENTS FOR THE PERIOD ENDED MAY 31,  
2007 HAVE NOT BEEN REVIEWED OR AUDITED BY THE CORPORATION'S AUDITORS

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**CORTEZ RESOURCES CORP.**  
**STATEMENT OF OPERATIONS AND DEFICIT**  
for the period March 29, 2007 (Date of Incorporation) to May 31, 2007  
(Stated in Canadian Dollars)  
(Unaudited)

Expenses		
Accounting and audit fees	\$	3,000
Bank charges and interest		65
Filing fees		265
Office – Note 4		3,646
Rent – Note 4		3,090
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Loss before other item		(10,066)
Other item		
Interest income		456
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Net loss for the period and deficit, end of period	\$	(9,610)
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Basic and diluted loss per share	\$	(0.01)
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Weighted average number of shares outstanding		1,000,001
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SEE ACCOMPANYING NOTES

**CORTEZ RESOURCES CORP.**  
**STATEMENT OF CASH FLOWS**  
for the period March 29, 2007 (Date of Incorporation) to May 31, 2007  
(Stated in Canadian Dollars)  
(Unaudited)

Operating Activities		
Net loss for the period	\$	(9,610)
Change in non-cash working capital item:		
Accounts payable and accrued liabilities		3,020
GST Receivable		(199)
Prepaid expenses		(10,000)
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Cash used in operating activities		(16,789)
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Financing Activities		
Issuance of common shares		200,000
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Increase in cash during the period and cash, end of period	\$	183,211
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Supplementary disclosure of cash flow information		
Cash paid for:		
Interest	\$	-
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Income taxes	\$	-
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SEE ACCOMPANYING NOTES

**CORTEZ RESOURCES CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
May 31, 2007  
(Stated in Canadian Dollars)  
(Unaudited)

Note 1     Nature of Operations

The Company was incorporated in the Province of British Columbia on March 29, 2007 under the Business Corporations Act of British Columbia as 0786996 BC Ltd. and changed its name to Cortez Resources Corp. on April 13, 2007. The Company will be classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (the “Exchange”) Policy 2.4.

The Company’s continued operations are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an investment of an interest in a Qualifying Transaction (as defined). The Company is required to complete its Qualifying Transaction within 24 months of listing on the Exchange. The acquisition will be subject to shareholder and regulatory approval.

The Company has determined that the last day of February will be the fiscal year end and February 29, 2008 will be the first complete fiscal year. As the Company was incorporated on March 29, 2007 there is no comparative balance sheet period end as at February 28, 2007 or comparative statement of operations for the period ended May 31, 2006.

Note 2     Significant Accounting Policies

Management has prepared the financial statements of the Company in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. These financial statements have been prepared within the framework of the significant accounting policies summarized below.

a)   Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the “if converted” method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

**CORTEZ RESOURCES CORP.**

Notes to the Financial Statements

May 31, 2007 - Page 2Note 2 Significant Accounting Policies – (cont'd)b) Financial Instruments

The carrying value of the Company's financial instruments, consisting of cash, GST receivable, prepaid expenses, and accounts payable and accrued liabilities approximate their fair value due to the short-term maturity of such instruments. 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.

c) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the tax and accounting basis of assets and liabilities. The future tax assets or liabilities are calculated using the tax rates for the period in which the differences are expected to be settled. Future tax assets are recognized to the extent that they are considered more likely than not to be realized.

Note 3 Share Capital – Note 5a) Authorized:

Unlimited common shares without par value

b) Issued:

		Number	Amount
Issued for cash pursuant to:			
Incorporation	- at \$0.01	1	\$ -
Private placement	- at \$0.10	2,000,000	200,000
<u>Balance, May 31, 2007</u>		<u>2,000,001</u>	<u>\$ 200,000</u>

c) Escrow Shares:

The Company has issued 2,000,001 common shares for net proceeds of \$200,000. These shares are subject to an escrow agreement to be released in accordance with the CPC policy guidelines.

The net proceeds from all of the Company's financings have certain limitations on them until completion of the Qualifying Transaction.

**CORTEZ RESOURCES CORP.**

Notes to the Financial Statements

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Note 4      Related Party Transactions

During the period ended May 31, 2007, the Company paid rent of \$3,090 and office administration fees of \$3,090 to a company controlled by a director.

These charges were measured at the exchange amount which is the amount agreed upon by the transacting parties.

Note 5      Subsequent Events

Subsequent to May 31, 2007, the Company entered into an agency agreement with an agent for the issuance of up to 2,000,000 shares in an Initial Public Offering (“IPO”) at a price of \$0.20 per share for proceeds of up to \$400,000. The Company will pay a commission of 10% of gross proceeds to the agent and will grant the agent an option to acquire up to 200,000 shares at \$0.20 per share up to 2 years from the listing date of the Company shares on the exchange. The Company has paid an administration fee of \$10,000 and reimburse the agent for legal expenses.

In conjunction with the IPO, the Company proposes to grant 400,000 share purchase options (390,000 to directors and 10,000 to a registered charity). Each director’s option will allow the holder to acquire an additional common share of the Company at \$0.20 per share for a period of five years from the listing date of the Company shares on the Exchange. The registered charity options are exercisable at \$0.20 per share and expire on the earlier of 10 years after the listing of the common shares on the Exchange or the 90<sup>th</sup> day following the date the charity ceases to be an eligible charitable organization.