

CORTEZ RESOURCES CORP.
INTERIM FINANCIAL STATEMENTS
May 31, 2008
(Stated in Canadian Dollars)

**THE ACCOMPANYING FINANCIAL STATEMENTS FOR THE PERIOD ENDED MAY 31, 2008
HAVE NOT BEEN REVIEWED OR AUDITED BY THE CORPORATION'S AUDITORS.**

CORTEZ RESOURCES CORP.
INTERIM BALANCE SHEET
May 31, 2008
(Stated in Canadian Dollars)

| | May 31, 2008 | February 29, 2008 |
|--|-------------------------|----------------------|
| <u>ASSETS</u> | | |
| Current | | |
| Cash | \$ 441,694 | \$ 462,454 |
| GST recoverable | 1,070 | 1,592 |
| | \$ 442,764 | \$ 464,046 |
| <u>LIABILITIES</u> | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 8,000 | \$ 13,448 |
| <u>SHAREHOLDERS' EQUITY</u> | | |
| Share capital – Note 3 | 517,166 | 517,166 |
| Contributed surplus – Note 3 | 65,989 | 65,989 |
| Deficit | (148,391) | (132,557) |
| | 434,764 | 450,598 |
| | \$ 442,764 | \$ 464,046 |

Nature of Operations – Note 1
Commitments – Note 3

APPROVED ON BEHALF OF THE BOARD:

| | | | |
|---------------------------------------|----------|---------------------------------|----------|
| <u>“Robert Eadie”</u> Robert Eadie | Director | <u>“Gary Arca”</u> Gary Arca | Director |
|---------------------------------------|----------|---------------------------------|----------|

SEE ACCOMPANYING NOTES

CORTEZ RESOURCES CORP.
INTERIM STATEMENT OF OPERATIONS AND DEFICIT
For the three months ended May 31, 2008, and
for the period March 29, 2007 (Date of Incorporation) to May 31, 2007
(Stated in Canadian Dollars)

| | Three months ended May 31, 2008 | March 29, 2007 (date of incorporation) to May 31, 2007 |
|--|--|---|
| Expenses | | |
| Accounting and audit fees | \$ - | \$ 3,000 |
| Bank charges and interest | 68 | 65 |
| Legal and corporate services | 8,000 | 537 |
| Office and administration– Note 4 | 4,500 | 3,109 |
| Rent-Note 4 | 4,500 | 3,090 |
| Shareholder communications | 120 | - |
| Transfer agent and filing fees | 427 | 265 |
| Loss before other item | (17,615) | (10,066) |
| Other item | | |
| Interest income | 1,781 | 456 |
| Net loss and comprehensive loss | (15,834) | (9,610) |
| Deficit and accumulated comprehensive loss, beginning of period | (132,557) | - |
| Deficit and accumulated comprehensive loss, end of period | \$ (148,391) | \$ (9,610) |
| Basic and diluted loss per share | \$ (0.01) | N/A |
| Weighted average number of shares outstanding – Note 2 | 2,050,000 | N/A |

SEE ACCOMPANYING NOTES

CORTEZ RESOURCES CORP.
INTERIM STATEMENT OF CASH FLOWS
For the three months ended May 31, 2008, and
for the period March 29, 2007 (Date of Incorporation) to May 31, 2007
(Stated in Canadian Dollars)

| | Three months ended May 31, 2008 | March 29, 2007 (date of incorporation) to May 31, 2007 |
|--|--|---|
| Operating Activities | | |
| Net loss for the period | \$ (15,834) | \$ (9,610) |
| Changes in non-cash working capital items: | | |
| Accounts payable and accrued liabilities | (5,448) | 3,020 |
| GST recoverable | 522 | (199) |
| Prepaid expenses | - | (10,000) |
| Cash used in operating activities | (20,760) | (16,789) |
| Financing Activities | | |
| Issuance of common shares | - | 200,000 |
| Increase (decrease) in cash | (20,760) | 183,211 |
| Cash, beginning of the period | 462,454 | - |
| Cash, end of the period | \$ 441,694 | \$ 183,211 |
| Supplementary disclosure of cash flow information: | | |
| Cash paid for: | | |
| Interest | \$ - | \$ - |
| Income taxes | \$ - | \$ - |

SEE ACCOMPANYING NOTES

Note 3 Share Capital and Contributed Surplus

b) Shares issued – (cont'd)

- i) The Company issued 2,000,001 common shares for proceeds of \$200,000. These shares are subject to an escrow agreement to be released in accordance with CPC policy guidelines.
- ii) During the period ended February 29, 2008, the Company completed its initial public offering (“IPO”) and issued 2,000,000 common shares at \$0.20 per share for gross proceeds of \$400,000. The Company paid a commission of \$40,000 to the agent and issued the agent warrants to acquire up to 200,000 shares at \$0.20 per share until August 20, 2009. The Company also paid an administration fee of \$10,000 and incurred expenses of \$29,502. Share issue costs include \$17,776 for the fair value of the agent’s warrants. Their fair value was determined using the Black-Scholes model with the following assumptions:

| | |
|----------------------------|---------|
| Dividend rate | 0% |
| Risk-free interest rate | 4.23% |
| Expected life | 2 years |
| Expected annual volatility | 78.27% |

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

- iii) During the period ended February 29, 2008, the Company issued 50,000 common shares at \$0.20 for proceeds of \$10,000 pursuant to the exercise of agent’s warrants.
- iv) No common shares were issued during the quarter ended May 31, 2008.

c) Stock-based Compensation

The Company, in accordance with the policies of the Exchange, is authorized to grant options to directors, officers, and employees to acquire up to 10% of common stock outstanding. Options may be granted for a maximum term of 5 years. Optioned shares will vest when granted except where granted for investor relations activities which vest and may be exercised in accordance with the vesting provisions as to ¼ of the options each 3 months.

In conjunction with its public listing, the Company granted 400,000 share purchase options (390,000 to directors and 10,000 to a registered charity). Each director’s option allows the holder to acquire an additional common share of the Company at \$0.20 per share for a period of five years until August 20, 2012. The registered charity options are exercisable at \$0.20 per share and expire on the earlier of August 20, 2017, or the 90th day following the date the charity ceases to be an eligible charitable organization.

The fair value of the 400,000 options granted and included in stock-based compensation was estimated to be \$52,657 using the Black-Scholes option-pricing model with the following weighted average assumptions at date of grant:

CORTEZ RESOURCES CORP.
Notes to the interim Financial Statements
May 31, 2008
(Stated in Canadian Dollars) – Page 3

Note 3 Share Capital and Contributed Surplus – (cont'd)

c) Stock-based Compensation – (cont'd)

| | |
|----------------------------|----------------------|
| | February 29, 2008 |
| Dividend rate | 0% |
| Risk-free interest rate | 4.30% |
| Expected life | 5 Years |
| Expected annual volatility | 78.27% |

No stock options were granted during the quarter ended May 31, 2008.

A summary of the Company's outstanding stock options as of May 31, 2008 and the changes during the period then ended is presented below:

| | Number of Options | Weighted Average Exercise Price |
|--|----------------------|--|
| Options granted during the period and outstanding and exercisable at February 29, 2008 and May 31, 2008 | 400,000 | \$0.20 |

At May 31, 2008, there were 400,000 stock options outstanding entitling the holders thereof to purchase one common share for each option held as follows:

| Number of Shares | Number Exercisable | Exercise Price | Expiry Date | Contractual Life Remaining |
|---------------------|-----------------------|-------------------|-----------------|----------------------------------|
| 390,000 | 390,000 | \$0.20 | August 20, 2012 | 4.22 years |
| 10,000 | 10,000 | \$0.20 | August 20, 2017 | 9.22 years |
| 400,000 | 400,000 | \$0.20 | | 4.35 years |

d) Warrants Outstanding

A summary of the Company's outstanding share purchase warrants at May 31, 2008 and the changes during the period then ended is presented below:

CORTEZ RESOURCES CORP.
Notes to the interim Financial Statements
May 31, 2008
(Stated in Canadian Dollars) – Page 4

Note 3 Share Capital and Contributed Surplus – (cont'd)

d) Warrants Outstanding – (cont'd)

| | Number of Warrants | Weighted Average Exercise Price |
|--|-----------------------|---------------------------------------|
| Issued | 200,000 | \$0.20 |
| Exercised | (50,000) | \$0.20 |
| Outstanding at February 29, 2008 and May 31, 2008 | 150,000 | \$0.20 |

The warrants are exercisable until August 20, 2009.

e) Contributed Surplus

| | May 31, 2008 | February 29, 2008 |
|--|-----------------|----------------------|
| Balance, beginning of period | \$ 65,989 | \$ - |
| Stock-based compensation | - | 52,657 |
| Agent's warrants granted | - | 17,776 |
| Transferred to share capital on exercise of warrants | - | (4,444) |
| Balance, end of period | \$ 65,989 | \$ 65,989 |

Note 4 Related Party Transactions

During the quarter ended May 31, 2008, the Company paid rent of \$4,500 (May 31, 2007: \$3,090) and office and administration fees of \$4,500 (May 31, 2007: \$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.