

CADILLAC MINING CORPORATION

(An Exploration Stage Company)

Consolidated Financial Statements

February 29, 2008

and

February 28, 2007

Notice to Shareholders

Responsibility for Financial Statements

The accompanying consolidated financial statements for Cadillac Mining Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set in Note 3 in the accompany notes to these consolidated financial statements.

These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

Auditor involvement

The independent auditor of Cadillac Mining Corporation has not performed a review of the unaudited consolidated financial statements for the three months or nine months ended February 29, 2008 and February 28, 2007.

CADILLAC MINING CORPORATION

(An Exploration Stage Company)

Consolidated Balance Sheets

	February 29 2008	February 28 2007
ASSETS		
Current		
Cash and equivalents	\$ 392,748	\$ 1,199,222
Amounts receivable	58,013	39,865
Prepaid expenses	6,000	24,617
	<u>456,761</u>	<u>1,263,704</u>
Equipment (Note 5)	2,233	3,206
Mineral Properties (Note 6)	1,584,686	2,223,569
	<u>\$ 2,053,680</u>	<u>\$ 3,490,479</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 157,379	\$ 274,546
Due to related parties (Note 7)	249,034	104,197
	<u>406,413</u>	<u>378,743</u>
Due to Related Parties (Note 7)	-	100,000
	<u>\$ 406,413</u>	<u>\$ 478,743</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	\$ 3,733,363	\$ 4,305,832
Contributed surplus (Note 8)	101,602	101,602
Deficit	(2,197,698)	(1,395,698)
	<u>1,637,267</u>	<u>3,011,736</u>
	<u>\$ 2,253,680</u>	<u>\$ 3,490,479</u>

Continued Operations (Note 2)

Approved by the Board of Directors:

"V.F. Erickson"

Director

"E.B. Stewart"

Director

CADILLAC MINING CORPORATION

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Consolidated Statements of Operations and Deficit

	For the three month period ended February 29 2008	For the three month period ended February 28 2007	For the six month period ended February 29 2008	For the six month period ended February 28 2007
Expenses				
Advertising and promotion	\$ 237	507	294	\$ 507
Amortization	197	249	394	547
Bank charges and interest	131	8	166	93
Consulting/management fees	15,500	15,000	30,500	30,000
Investor relations	1,271	9,590	1,271	33,440
Legal, accounting and audit	9,497	17,427	15,378	36,979
Office and miscellaneous	7,080	6,765	8,006	82,82
Regulatory and filing fees	19,542	10,657	22,648	16,366
Travel and accommodation	2,673	925	5,260	3,517
Net loss before other items	(56,128)	(61,128)	(83,917)	(129,730)
Interest income	2,451	5,534	5,800	14,921
Net loss for the period	(53,677)	(55,594)	(78,117)	(114,809)
Deficit - beginning of period	(2,144,021)	(1,340,104)	(2,119,581)	(1,280,889)
Deficit - end of period	\$ (2,197,698)	(1,395,698)	(2,197,698)	\$ (1,395,698)
Basic and diluted loss per common share	\$ (0.002)	(0.002)	(0.003)	\$ (0.005)
Weighted average number of common shares outstanding	22,549,703	24,049,709	22,549,703	24,049,709

CADILLAC MINING CORPORATION

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Consolidated Statements of Cash Flows

	For the three month period ended February 29 2008	For the three month period ended February 28 2007	For the six month period ended February 29 2008	For the six month period ended February 28 2007
Cash Provided by (Used for):				
Operating Activities				
Net loss for the period	\$ (53,677)	\$ (55,594)	\$ (78,117)	\$ (114,809)
Adjustments for items not involving cash:				
Amortization	197	249	394	547
Issuance of shares	27,250	-	27,250	20,000
	(42,980)	(55,345)	(50,473)	(94,262)
Changes in non-cash working capital components:				
Amounts receivable	(26,366)	59,936	243,518	71,612
Prepaid expenses	235,000	-	20,072	7,000
Accounts payable and accrued liabilities	(57,340)	103,108	43,046	(77,249)
Due to related parties	6,918	39,608	(17,115)	(53,421)
	115,232	147,307	239,048	(146,320)
Investing Activities				
Mineral property expenditures	(555,036)	(222,620)	(711,072)	(430,677)
Financing Activities				
Obligation to issue shares	-	-	-	(20,000)
Share capital issued for property	-	-	-	-
	-	-	-	(20,000)
Net cash provided (used) during the period	(422,804)	(75,313)	(472,024)	(596,997)
Cash and equivalents - beginning of period	815,552	1,274,535	864,772	1,796,921
Cash and equivalents - end of period	\$ 392,748	\$ 1,199,222	\$ 392,748	\$ 1,199,222

Non-cash Investing and Financing Activities (Note 10)

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Notes to the Consolidated Financial Statements February 29, 2008 and February 28, 2007

1. Nature of Operations:

The Company was incorporated under the Ontario Business Corporations Act and continued into British Columbia in 2007. Its principal activity is the acquisition and exploration of resource properties. The Company is currently in the exploration stage of developing its resource properties and has not yet been able to determine whether any of these properties contain resources that are economically recoverable.

During the period ended May 31, 2006, the Company consolidated its share capital on an 8 for 1 basis, then the Company acquired Cadillac West Explorations Inc. ("CWE") by the issuance of 13,975,762 post-consolidated shares in exchange for all the issued shares of CWE, pursuant to the terms of the Share Exchange Agreement dated January 31, 2006 between Eclips Inc. ("Eclips"), CWE and its principal shareholders. This transaction is considered a Reverse take-over (RTO) transaction and has been accounted for in accordance with accounting standard EIC-10 of the Canadian Institute of Chartered Accountants. As Eclips did not meet the definition of a business under EIC-120, this transaction is of a capital nature rather than a business combination. Accordingly, it has resulted in the following charge to the Company's deficit:

Net liabilities of Eclips assumed:

Cash	\$	3,804
Amounts receivable		13,437
Equipment		661
Accounts payable and accrued liabilities		(448,816)
Due to related parties		(47,125)
Due to CWE		(100,000)
Obligation to issue shares		<u>(20,000)</u>
Net liabilities	\$	<u>(598,039)</u>

On May 31, 2006 the Company changed its name to Cadillac Mining Corporation.

2. Continued Operations:

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred operating losses since inception, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral property projects.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its mineral projects by issuance of share capital or through joint ventures, and to realize future profitable production or proceeds from the disposition of its mineral interests.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate because management believes that the actions taken or planned will mitigate the adverse conditions and events that raise doubt about the validity of the going concern assumption used in preparing these consolidated financial statements. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying values of assets, liabilities, the reported income and expenses and the balance sheet classifications used.

3. Significant Accounting Policies:

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies used in the preparation of these financial statements.

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Notes to the Consolidated Financial Statements February 29, 2008 and February 28, 2007

3. Significant Accounting Policies: (continued)

a) Amortization

Amortization is being provided for at the following rate:

Equipment	- 20% declining balance
Computer equipment	- 30% declining balance

In the year of acquisition the rate for amortization is at one-half the annual rate.

b) Asset Retirement Obligations

This policy requires recognition of a legal liability for obligations relating to retirement of tangible long-term assets, and arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement costs must be recognized at fair value, when a reasonable estimate of fair value can be estimated, in the period in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life. As at February 29, 2008 and February 28, 2007, the Company does not have any asset retirement obligations.

c) Basis of Presentation and Principles of Consolidation

These consolidated financial statements include the accounts of the parent Company and its wholly owned subsidiaries Cadillac West Explorations Inc. and Cadillac South Explorations Inc. All significant intercompany accounts and transactions have been eliminated.

The Company's efforts and those of its subsidiaries are devoted to exploring their mineral properties and acquiring new mineral properties. Accordingly, these consolidated financial statements represent those of a company in the exploration stage.

The Company is in the process of exploring mineral properties and has not yet determined whether the properties contain resources that are economically recoverable. The recovery of amounts shown for mineral properties and related assets are dependent on the existence of economically recoverable resources, on the ability of the Company to obtain financing to complete development, and on future profitable operations.

d) Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

e) Costs of Maintaining Mineral Properties

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

f) Flow-Through Shares

The Company accounts for flow-through shares using the recommendations of the Emerging Issues Committee EIC-146. Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital.

If the Company has sufficient unused tax losses and deductions ("losses") to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

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3. Significant Accounting Policies: (continued)

g) Future Income Taxes

The Company accounts for potential future net tax assets which are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and which are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized. Such an allowance has been applied to all potential income tax assets of the Company.

h) Loss Per Share

Basic loss per share has been calculated using the weighted average number of shares outstanding during the period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise or conversion of stock options, warrants, and convertible securities using the treasury stock method, if dilutive. Diluted loss per common share does not differ from basic loss per share because the effects on loss per common share are not dilutive.

i) Management's 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

j) Mineral Exploration Tax Credits ("METC") and Refundable Mining Duties ("RMD")

The Company recognizes METC amounts when the Company's METC application is approved by Canada Revenue Agency and Revenu Quebec auditors or when the amount to be received can be reasonably estimated and collection is reasonably assured.

The Company recognizes RMD amounts when the Company's RMD application is approved by Ministere des Ressources Naturelles or when the amount to be received can be reasonably estimated and collection is reasonably assured.

k) Mineral Properties

The cost of mineral properties and their related direct exploration costs are deferred until the properties are placed into production, sold or abandoned. These deferred costs will be amortized on the unit-of-production basis over the estimated useful life of the properties following the commencement of production, or written-off if the properties are allowed to lapse, or are sold or abandoned.

Cost includes any cash consideration and the fair market value of shares issued on the acquisition of property interests. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. The recorded amounts of property acquisition costs and all related deferred exploration costs represent actual expenditures incurred and are not intended to reflect present or future values.

The Company reviews capitalized costs on its property interests on a periodic basis and will recognize impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or from the sale of the property. Management's assessment of the property's estimated current fair market value is also based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

Administrative costs are expensed as incurred.

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Notes to the Consolidated Financial Statements February 29, 2008 and February 28, 2007

3. Significant Accounting Policies: (continued)

l) Environmental Expenditures

The operations of the Company have been and may in the future, be affected in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly from country to country and are not predictable.

m) Share Capital

- i) The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company, net of issue costs.
- ii) Share capital issued to third parties for non-monetary consideration is recorded at an amount based on fair market value.
- iii) Costs incurred to issue shares are deferred until the shares are issued, at which time these costs are charged to share capital.

n) Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method.

4. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

5. Equipment:

	Cost	Accumulated Amortization	Net February 2008	Net February 2007
Computer equipment	\$ 4,828	\$ 2,397	\$ 2,429	\$ 3,206

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6. Mineral Properties:

	Balance beginning of period February 29 2008 \$	Osilinka-Cat Mountain \$	Santa Maria \$	Silver Streak \$	Staked in Quebec \$	Tuzo Creek \$	Expenditures for the six month period ended \$	Balance end of period February 29 2008 \$
Acquisition costs	23,802	6,250	20,500	7,000	-	45,500	79,250	86,052
Exploration Expenditures:								
Assaying and analysis	48,874	9,723	4,585	5,188	-	15,016	34,512	83,386
Camp, board and lodging	27,138	32,245	10,557	1,967	-	6,972	51,741	78,879
Consulting	113,435	56,792	12,590	9,326	6,358	14,734	99,800	213,235
Drilling	701,676	199,549	131,300	113,050	-	116,247	560,146	1,261,822
Filing fees	40,575	-	-	-	-	-	-	140,575
Geochemical	369,917	-	-	-	-	-	-	369,917
Geological	78,267	-	16,082	-	-	17,562	33,644	111,911
Material and supplies	22,895	15,568	7,038	61	-	24,898	47,565	70,46+
Transportation	28,314	8,635	4,881	1,086	-	3,016	17,618	45,932
Total Exploration Expenditures	1,431,091	322,512	187,033	130,678	6,358	198,445	845,028	2,276,117
Balance beginning of period		-	-	-	-	-		
Less: Mineral Exploration Tax Credits	(598,279)	-	-	-	(196,205)	-	(196,205)	(794,484)
Balance, end of period	856,614	328,762	207,533	137,678	(189,847)	226,945	728,073	1,584,685

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Notes to the Consolidated Financial Statements February 29, 2008 and February 28, 2007

6. Mineral Properties: (continued)

	Lac Fortune	Norcoeur	Staked in Quebec	For the six month period ended February 28, 2007
Balance, beginning	\$ 10,000	\$ -	\$ 23,802	\$ 33,802
Incurred during	-	-	-	-
Balance, ending	10,000	-	23,802	33,802
Exploration Expenditures				
Assaying & analysis	1,664	5,458	21,678	28,800
Board and lodging	1,480	3,241	12,953	17,674
Consulting	7,228	34,909	30,835	72,972
Drilling	102,256	91,594	57,756	251,606
Filing fees	-	-	40,575	40,575
Geochemical	5,769	-	25,618	31,387
Geological	993	56,145	19,408	76,546
Materials and supplies	2,259	6,291	10,056	19,007
Transportation	1,901	8,420	4,700	15,021
	123,950	206,059	223,579	553,588
Balance, beginning	386,235	327,483	1,045,371	1,759,090
Balance, ending	510,185	533,543	1,146,039	2,189,767
Less: Mineral Exploration Tax Credits	-	-	122,911	122,911
Balance, ending	\$ 520,185	\$ 533,543	\$ 1,169,841	\$ 2,223,569

Details of Mineral Properties

a) Osilinka-Cat Mountain

The Company issued 50,000 common shares at \$ 0.125 per common share to Lysander Minerals Corporation, pursuant to a Memorandum of Understanding dated September 26, 2007 by which the Company has the option to earn a 50% interest in 23 mining claims in the Omineca Mining Division, BC. Consideration is cumulative exploration expenditures of \$ 2,000,000 by December 31, 2011 and the issue of 250,000 common shares by December 31, 2010.

b) Santa Maria

The Company issued 100,000 common shares at \$ 0.105 per common share to Bearclaw Capital Corp., pursuant to an option agreement dated August 23, 2007. The Company has the option to earn up to a 75% interest in one MTO claim in the Omineca Mining Division, BC. Consideration for a 60% interest is cash of \$10,000 (paid), exploration expenditures of \$ 450,000 within three years and share issuance of 400,000 common shares within two years. To earn an additional 15% interest, the Company is to incur an additional \$200,000 in exploration and issue a further 100,000 common shares in the fourth year.

c) Silver Streak

The Company signed an option agreement dated November 6, 2007 with three arms length vendors by which the Company has the option to earn a 100% interest in nine MTO claims in the Omineca Mining Division, BC, subject to a 1% NSR royalty. Consideration is exploration expenditures of \$ 50,000 within one year (completed) and payment of \$105,000 and 250,000 common shares in stages to November 6, 2011. Payment of \$5,000 and 25,000 common shares at \$ 0.08 per common share were issued pursuant to this agreement.

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Notes to the Consolidated Financial Statements February 29, 2008 and February 28, 2007

6. Mineral Properties: (continued)

d) Staked in Quebec Rouyn, Beauchastel, Dasserat and Montbray Townships

The Company has 100% interest in 307 mining claims in these Quebec townships, subject to a 1.5% NSR to the President and a director on production exceeding 100,000 oz. gold.

e) Tuzo Creek

The Company under an assignment agreement has obtained the option to purchase a 100% interest in the 1746-hectare (four MTO claims) in Greenwood Mining Division, BC. The assignment and option agreements require the Company to pay the claim owner and the current optionee an aggregate of \$90,000 and 1,100,000 common shares over a two-year period. The Company issued 300,000 shares valued at \$0.08.5 and paid \$20,000 pursuant to these agreements.

7. Due to Related Parties:

As at February 29, 2008 - \$249,034 (February 28, 2007 - \$104,197) was owed to companies controlled by directors and officers. All amounts due to, or from, related parties are unsecured, bear no interest and have no fixed terms for repayment.

The following related party transactions were incurred in the normal course of operations and were measured at their fair value as determined by management.

	February 29, 2008 six months	February 28, 2007 six months
Management fees charged by a company controlled by the President	\$ 30,000	\$ 30,000
Exploration consulting /management fees charged by company controlled by a director	22,000	49,798
Consulting and accounting fees charged by a company controlled by an officer	3,375	3,250

8. Share Capital:

a) Share Capital

Authorized:

Unlimited common shares without par value.

	Number	Amount
Balance December 31, 2005	22,794,835	\$ 21,831
Issued for:		
Debt settlements ⁽¹⁾	-	770,000
Share consolidation (8 for 1) ⁽²⁾	(19,945,480)	-
Special warrants ⁽³⁾	-	120,000
Private placements ⁽⁴⁾	-	125,000
Private placements net of issuance costs of \$437,137 ⁽⁵⁾	5,620,000	2,372,863
Consulting ⁽⁶⁾	377,921	188,961
Debt settlement ⁽⁷⁾	230,094	306,303
Acquisition of CWE ⁽⁸⁾	13,975,762	-
Balance May 31, 2006	23,053,132	3,904,958

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Notes to the Consolidated Financial Statements February 29, 2008 and February 28, 2007

8. Share Capital: (continued)

a) Share Capital

Balance forward	23,053,132	3,904,958
Private placements net of issuance costs of \$29,126 ⁽⁹⁾	820,000	380,874
Share gross up ⁽¹⁰⁾	159,911	-
Debt settlement ⁽¹¹⁾	16,667	20,000
	24,049,710	4,305,832
Balance November 30, 2006	24,049,710	4,305,832
Future income tax recovery (note 3)	-	(616,719)
Share gross up ⁽¹⁰⁾	429,160	-
	24,478,870	3,689,113
Balance August 31, 2007	24,478,870	3,689,113
Shares issued for mineral property ⁽¹²⁾	100,000	10,500
Shares issued for mineral property ⁽¹³⁾	50,000	6,250
Shares issued for mineral property ⁽¹⁴⁾	25,000	2,000
Shares issued for mineral property ⁽¹⁵⁾	300,000	25,500
Share relinquished pursuant to escrow agreement ⁽¹⁶⁾	(2,059,042)	-
	22,894,828	\$ 3,733,363

- 1) Prior to its acquisition by Cadillac Mining Corporation, Cadillac West Explorations Inc. ("CWE") issued 350,000 shares at \$0.20 per share and 7,000,000 shares at \$0.10 to settle related party debt of 770,000.
- 2) During the period ended May 31, 2006, the Company consolidated its share capital on an 8 for 1 basis.
- 3) Prior to its acquisition by Cadillac Mining Corporation, CWE completed a private placement comprising 600,000 special warrants issued at \$0.20 per special warrant.

At May 31, 2006 these special warrants were converted to shares.
- 4) During the period ended May 31, 2006, CWE, prior to its acquisition by Cadillac Mining Corporation, completed a private placement comprising 625,000 units consisting of one common share and one common share purchase warrant which were issued at \$0.20 per unit. Each warrant entitles the holder to purchase one common share at a price of \$0.25 on or before February 28, 2007
- 5) On May 31, 2006, the Company completed the first closing of a brokered private placement comprised of 425 A units and 137 B Units at a price of \$5,000 per unit. The A units consisted of 2,500 common shares, 7,500 flow-through shares and 2,500 share purchase warrants. The B units consisted of 10,000 common shares and 10,000 share purchase warrants. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.55 on or before July 10, 2007 and at a price of \$0.75 on or before July 10, 2008. Issuance costs of \$437,137 were netted against the proceeds.
- 6) During the period ended May 31, 2006, the Company issued 377,921 common shares in exchange for consulting services.
- 7) During the period ended May 31, 2006, the Company issued 230,094 common shares in settlement of a number of debt obligations amounting to \$306,303 of debt.
- 8) During the period ended May 31, 2006, the Company acquired CWE by the issuance of 13,975,762 common shares in exchange for all the issued common shares of CWE, pursuant to the terms of the Share Exchange Agreement dated January 31, 2006 between Eclips Inc., CWE and its principal shareholders.
- 9) During the period ended August 31, 2007, the Company issued an additional 57 A units and 25 B Units at a price of \$5,000 per unit in respect of a second closing of a brokered private placement of a total of 820,000 common shares at \$0.50 per common share on the same terms as noted above in footnote (a) (5). Issuance costs of \$29,126 were netted against the proceeds.

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8. Share Capital: (continued)

a) Share Capital (continued)

- 10) During the period ended August 31, 2007, the Company issued 589,071 common shares to former Eclips Inc. shareholders as part of an undertaking to ensure each former shareholder owned a minimum of 500 common shares in the Company.
- 11) During the period ended August 31, 2007, the Company issued 16,667 common shares valued at \$20,000 for a debt settlement.
- 12) The Company issued 100,000 common shares at \$0.105 per common share pursuant to an option agreement dated August 23, 2007 to earn up to a 75% interest in the Santa Maria property in the Omineca Mining Division, BC.
- 13) The Company issued 50,000 common shares at \$0.125 per share pursuant to a Memorandum of Understanding dated September 26, 2007 whereby it acquired the option to earn a 50% interest in 23 mining claims in the Osilinka-Cat Mountain property in the Omineca Mining Division, BC.
- 14) The Company issued 25,000 common shares \$ 0.08 per common share pursuant to an option agreement dated November 6, 2007 to earn a 100% interest in nine MTO claims in the Silver Steak property in the Omineca Mining Division, BC.
- 15) The Company issued 100,000 common shares \$ 0.085 per common share pursuant to an assignment agreement by which the Company has obtained an option to purchase a 100% interest in the 1746-hectare Tuzo Creek property in Greenwood Mining Division, BC and has issued 200,000 common shares \$ 0.085 per common share pursuant to the option agreement.
- 16) The Company did not earn its option on the Lac Fortune and Norcoeur properties and pursuant an escrow agreement 2,059,042 common shares were returned to treasury.

b) Stock Options

The Company grants options to employees, directors and agents in accordance with the rules of the Exchange. Options vest over a period of time pursuant to the Company's stock option plan. The following table provides details of stock options, including options to agents:

	February 29, 2008		February 28, 2007	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of period	1,600,000	\$ 0.500	1,600,000	\$ 0.500
Granted	-	-	-	-
Exercised	-	-	-	-
Cancelled	-	-	-	-
Expired	-	-	-	-
Outstanding, end of period	1,600,000	\$ 0.500	1,600,000	\$ 0.500

At February 29, 2008 the weighted-average remaining contractual life of options outstanding is 3.25 years (February 28, 2007 – 4.25 years).

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8. Share Capital: (continued)

c) Warrants

The continuity of share purchase warrants outstanding is as follows:

	February 29, 2008		February 28, 2007	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance - beginning of period	4,860,600	\$ 0.59	5,510,600	\$ 0.57
Issued	-	-	-	-
Expired	-	-	-	-
Converted ⁽¹⁾	-	-	-	-
RTO increase	-	-	-	-
Balance - end of year	4,860,600	\$ 0.59	5,510,600	\$ 0.57

At February 29, 2008 the weighted-average remaining contractual life of warrants outstanding is 0.50 years (February 28, 2007 – 1.50 years).

d) Contributed Surplus

The fair value of broker's warrants granted during the year ended May 31, 2006 is \$60,162. This has been determined using the Black-Scholes Option Pricing Model with the following assumptions: a risk free interest rate of 4.3%; an expected life of two years and expected volatility of 123%.

The fair value of stock options granted during the period ended August 31, 2007 is \$41,440. This has been determined using the Black-Scholes Option Pricing Model with the following assumptions:

Risk free rate	4.30 %
Expected life	5.00 years
Expected Volatility	26.00 %

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option and warrant grants.

9. Income Taxes:

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

	February 29 2008	February 28 2007
Consolidated loss for the period	\$ (78,117)	\$ (55,594)
Expected income tax recovery	(26,560)	(18,891)
Net adjustment for amortization, deductible and non-deductible amounts	525	80
Unrecognized benefit of non-capital losses	26,035	18,821
Total income taxes	\$ -	\$ -

CADILLAC MINING CORPORATION

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Notes to the Consolidated Financial Statements February 29, 2008 and February 28, 2007

9. Income Taxes: (continued)

	February 29 2008	February 28 2007
Future income tax assets:		
Mineral properties	\$ (155,809)	\$ (27,706)
Non-capital loss carry forwards	1,064,066	924,368
Equipment and other	124,345	(24)
	<u>1,033,602</u>	<u>896,638</u>
Valuation allowance	<u>(1,033,602)</u>	<u>(896,638)</u>
Net future tax assets	\$ -	\$ -

The Company has non-capital losses of approximately \$ 3,237,000 (February 28, 2007 - \$ 2,310,000), which are available to reduce future taxable income in Canada and which expire between 2007 and 2027. Subject to certain restrictions, the Company also had mineral property expenditures of approximately \$711,000 (February 28, 2007 \$ 1,091,000), available to reduce taxable income in future years. The Company has not recognized any future benefit for these tax losses and resource deductions as it is not considered likely that they will be utilized.

The recognition of future income tax recovery arises from the application of recognized tax losses to future income tax liability from renunciation of flow-through expenditures.

10. Non-cash Investing and Financing Activities:

During the six month period ended February 29, 2008, the Company issued 475,000 common shares pursuant to option agreements and a memorandum of understanding valued at \$44,250 for mineral property rights.

11. Comparative Figures:

Certain comparative figures have been reclassified to conform to the current period's presentation.