Consolidated Interim Financial Statements of

BIRD RIVER MINES INC.

(Unaudited - Prepared by Management)

For the six months ended January 31, 2007

These interim financial statements have not been audited or reviewed by the company's independent external auditors, Magnus & Buffie, Chartered Accountants.

BIRD RIVER MINES INC.

Consolidated Balance Sheets

As at January 31, 2007 (unaudited) and July 31, 2006

	January 31 2007	July 31 2006
Assets		
Current assets:		
Cash	$ 34,974	$ 61,470
Accounts receivable	3,308	5,173
Share subscription receivable	23,000	-
Inventory	9,274	12,039
Prepaid expenses	2,500	2,500
Total current assets	73,056	81,182
Machinery & equipment	13,591	15,156
Mineral exploration properties	292,606	292,606
	$ 379,253	$ 388,944
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable & accrued liabilities	$ 40,454	$ 42,790
Total current liabilities	40,454	42,790
Advances payable	-	26,686
Total liabilities	40,454	69,476
Shareholders' equity:		
Capital stock (Note 3)	876,687	816,687
Contributed surplus	19,180	11,360
(Deficit)	(557,068)	(508,579)
	338,799	319,468
Basis of presentation (Note 1(a))		
	$ 379,253	$ 388,944

See accompanying notes to consolidated financial statements.

APPROVED ON BEHALF OF THE BOARD:

Director (signed) "Nelson Shodine" President

Director (signed) "Jon Bridgman" CFO

BIRD RIVER MINES INC.

Consolidated Statements of Operations and Deficit

Three months ending January 31, 2007 and 2006 and six months ending January 31, 2007 and 2006 (unaudited)

	Q2 2007	Q2 2006	YTD 2007	YTD 2006
Revenue	$ 5,772	$ 6,305	$ 11,863	$ 14,788
Cost of goods sold	5,606	7,253	11,569	13,705
Gross profit	166	(948)	294	1,083
Expenses:				
Amortization	783	939	1,565	1,930
Automotive	1,546	1,573	3,580	4,089
Geological consulting	-	-	6,953	-
Management fees	18,900	-	20,400	-
Other	2,004	1,796	3,388	2,544
Professional fees	7,016	5,200	19,825	7,266
Stock-based compensation	3,910	3,500	7,820	3,766
Stock transfer & filing fees	4,853	2,200	9,032	11,327
Telephone	738	740	1,795	1,257
Travel & entertainment	434	125	1,111	398
	40,184	16,073	75,469	32,577
(Loss) before the following	(40,018)	(17,021)	(75,175)	(31,494)
Gain on settlement of advances payable	-	-	26,686	-
Net (loss) for the period	(40,018)	(17,021)	(48,489)	(31,494)
Deficit, beginning of period	(517,050)	(417,953)	(508,579)	(403,480)
Deficit, end of period	$ (557,068)	$ (434,974)	$ (557,068)	$ (434,974)
Basic and diluted loss per share	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.00)

See accompanying notes to consolidated financial statements.

BIRD RIVER MINES INC.

Consolidated Statements of Cash Flows

Three months ending January 31, 2007 and 2006 and six months ending January 31, 2007 and 2006 (unaudited)

	Q2 2007	Q2 2006	YTD 2007	YTD 2006
Cash flows from (used in)				
Operating activities:				
Net (loss) for the period	$ (40,018)	$ (17,021)	$ (48,489)	$ (31,494)
Adjustments for				
Amortization	783	939	1,565	1,930
Stock-based compensation	3,910	3,500	7,820	3,766
Gain on settlement of advances payable	-	-	(26,686)	-
	(35,325)	(12,582)	(65,790)	(25,798)
Changes in the following				
Accounts receivable	176	(1,293)	1,865	(4,466)
Share subscription receivable	(23,000)	-	(23,000)	-
Inventory	(2,264)	(704)	2,765	4,681
Accounts payable accrued liabilities	(2,067)	7,498	(2,336)	(713)
Private placement deposits	-	58,890	-	58,890
	(62,480)	51,809	(86,496)	32,594
Financing activity:				
Proceeds from exercise of warrants	60,000	5,000	60,000	5,000
Investing activity:				
Mineral exploration properties expenditures	-	(2,935)	-	(2,935)
Change in cash	(2,480)	53,874	(26,496)	34,659
Cash, beginning of period	37,454	10,020	61,470	29,235
Cash, end of period	$ 34,974	$ 63,894	$ 34,974	$ 63,894

Supplementary information:

The company did not pay any interest or income taxes during any of the above reporting periods.

See accompanying notes to consolidated financial statements.

General

Bird River Mines Inc. is incorporated under the laws of Manitoba. The principal business activities include the acquisition and exploration of mining properties. The company also engages in secondary activities, from time to time, involving the purchase or acquisition of certain industrial minerals - typically diatomaceous earth and bentonite - for distribution and re-sale or for use in an abandoned water well sealing operation.

As the company has no revenue producing mines, it is considered a development stage company.

1. Significant accounting policies

These unaudited financial statements should be read in conjunction with the audited financial statements for the year ended July 31, 2006

In the opinion of management, all adjustments considered necessary for the fair presentation have been included in these financial statements. Operating results for the six months ended January 31, 2007 may not be indicative of the results that may be expected for the full year ending July 31, 2007.

The Company follows the same accounting policies as the July 31, 2006 year ended audited financial statements. The significant accounting policies are as follows:

(a) Basis of presentation

These financial statements have been prepared on a going concern basis 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 significant losses and has experienced significant negative cash flow from operations over a number of years.

The ability of the company to continue as a going concern and to be able to realize on its assets and discharge its liabilities is dependent upon the company's ability to obtain sufficient funding for its operations and is ultimately dependant on the recoverability of the amounts capitalized to mineral exploration properties. The company has not yet determined whether its mineral properties contain reserves that are economically recoverable, and accordingly, the success of any further exploration or development prospects cannot be assured. If the company's exploration and development programs are successful, additional funds may be required, and the company may not have sufficient funds to conduct the mineral exploration required. The primary source of future funds available to the company is through the sale of additional equity capital, which may dilute the interests of existing shareholders. There is no assurance that the company will be successful in raising sufficient funds to meet its obligations. In the event where it cannot meet its obligations, it may lose its properties. As the company has no revenue producing mines, its ability to continue as a going concern is dependent upon its ability to raise funds in the capital markets.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities and the reported amounts of revenues and expenses.

1. Significant accounting policies (continued)

(b) Basis of consolidation

These consolidated financial statements include the accounts of the company and its wholly owned subsidiary 2411181 Manitoba Ltd.

Variable interest entities ("VIE's"), which include, but are not limited to, special purpose entities, trusts, partnerships, and other legal structures, as defined by Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 15, Consolidation of Variable Interest Entities, are entities in which equity investors do not have the characteristics of a "controlling financial interest" or there is not sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. VIE's are subject to consolidation by the primary beneficiary who will absorb the majority of the entities' expected losses and/or expected residual returns. The company does not have any entities that qualify for treatment under this guidance.

(c) Inventory

Inventory is valued at the lower of cost and net realizable value.

(d) Mineral exploration properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Amounts reflected for mineral exploration properties not in commercial production represent costs incurred to date, net of write-downs and are not intended to reflect present or future values. The recoverability of the costs is dependent upon the discovery of economically recoverable ore reserves, confirmation of the company's interests in the underlying mineral claims, the ability to obtain necessary financing to complete development, the receipt of necessary permitting and the future profitable production from the properties or realization of sufficient proceeds from the disposition of the properties.

The costs relating to identifiable groups of property will be written-down to net realizable value if exploration activities prove unsuccessful or if the groups of property are abandoned.

(e) Impairment of long-lived assets

On an annual basis, the company reviews whether there are any indicators of impairment of its long-lived assets, primarily being its mineral exploration properties. If such indicators are present, the company assesses the recoverability of the long-lived assets or group of assets by determining whether the carrying value of such assets can be recovered through undiscounted future cash flows. If the sum of undiscounted future cash flows is less than the carrying amount or if long-lived assets are abandoned, the excess of the carrying amount over the estimated fair value, based on discounted future cash flows, is recorded as a charge to net income. The current year's review concluded that no write-down was necessary.

(f) Asset retirement obligations

The company measures the expected costs required to retire its mining interests at a fair value which approximates the cost a third party would incur in performing the tasks necessary to abandon the field and restore the site. The fair value is recognized in the financial statements at the present value of expected future cash outflows to satisfy the obligation.

The asset retirement costs, if any, are subsequently allocated in a rational and systematic method over the underlying asset's useful life, and are included in amortization expense. The initial fair value of the present value liability is accreted, by charges to operations, to its estimated nominal future value. The liability is also adjusted due to revisions in either the timing or amount of the estimated costs.

As at January 31, 2007, the company has not incurred or committed to any asset retirement obligations related to its exploration properties.

1. Significant accounting policies (continued)

(g) Machinery and equipment

Machinery and equipment are recorded at cost. Amortization is provided using the following methods and annual rates:

	Rate	Method
Mining equipment	20%	Declining balance
Vehicles	30%	Declining balance

(h) Revenue recognition

Revenue is recognized when goods are shipped.

(i) Future income taxes

The company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the date of enactment or substantive enactment.

(j) Stock-based payments to non-employees

Stock-based payments granted to non-employees are measured at the fair value of the goods or services received. In the event the company cannot reasonably estimate the fair value of the goods or services received, the transaction is recorded at the estimated value of the underlying equity instrument.

(k) Stock-based compensation

The company adopted the fair value-based approach to accounting for stock-based compensation applying to options granted after August 1, 2003. Estimated compensation expense is recognized for these stock options over their vesting period based on their estimated fair values on the date of grant as determined by using the Black-Scholes option-pricing model.

The fair values of the options issued are credited to contributed surplus over the period they vest. When these options are exercised, the consideration paid by employees and the fair value of the options previously credited to contributed surplus are credited to share capital.

(l) Government assistance

The company periodically applies for financial assistance under available government incentive programs. All government assistance received is reflected as a reduction of the related asset value.

(m) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Actual results could differ from these estimates.

2. Mineral exploration properties

The company holds an exploration property known as the Ore Fault property located on the Bird River Greenstone Belt, 125 kilometers northeast of Winnipeg, Manitoba. This 322-hectare property hosts a small nickel-copper resource and known concentrations of zinc and cobalt. It is situated on a major northwest-southeast trending fault which offsets the Bird River Sill. The company owns a 100% interest in the mineral claims on this property. The company also holds a 100% interest in the 124-hectare Lotus property comprised of 3 claims, which is located adjacent to the Ore Fault property.

The company conducted no field work on its properties during the first and second quarter of fiscal 2007. Since its reactivation in 1997, the company has incurred cumulative exploration expenditures on the Ore Fault property in the amount of $125,551 and on the Lotus property in the amount of $nil and cumulative acquisition costs on the Ore Fault property in the amount of $149,029 and on the the Lotus property in the amount of $7,500. In addition the company has incurred a refundable work credit on the Lotus property in the amount of $10,526.

The company also holds one Quarry Lease, QL - 1530, located 85 kilometers southwest of Winnipeg near Miami, Manitoba. The 8 hectare lease hosts a narrow bed of bentonite.

3. Capital stock

(a) Authorized

Authorized share capital consists of an unlimited number of common voting shares.

(b) Changes in issued common shares are summarized below:

	Number of common shares	Amount
Balance, July 31, 2006	7,760,558	$ 816,687
Exercise of Jan-07 warrants (i)	1,200,000	60,000
Balance, January 31, 2007	8,960,558	$ 876,687

The following capital stock transaction occurred during the interim reporting periods:

(i) On January 31, 2007, 1,200,000 Jan-07 warrants were exercised at a price of $0.05 per warrant.

(c) Options:

The following table summarizes the 1,041,000 outstanding options as at January 31, 2007:

	Number outstanding	Exercise price	Expiry date
Directors' options	300,000	$0.10	May 29, 2008
Directors' options	300,000	$0.10	October 31,2007
Directors' options	300,000	$0.20	October 31,2008
Consultant's options	50,000	$0.10	October 31, 2007
Consultant's options	50,000	$0.20	October 31, 2008
Consultant's options	41,000	$0.17	March 21, 2008

(d) Warrants:

The following table summarizes the 479,500 outstanding warrants as at January 31, 2007:

	Number outstanding	Exercise price	Expiry date
Feb-07 Warrants	239,750	$0.30	February 14, 2007
Feb-08 Warrants	239,750	$0.40	February 14, 2008

4. Financial instruments

(a) Fair value

The carrying amounts of cash, accounts receivable, share subscription receivable and accounts payable and accrued liabilities approximate their fair values because of the short-term maturity of these instruments.

(b) Interest, currency and credit risk

It is management's opinion that the company is not exposed to significant interest, currency or credit risk relating to their financial instruments.

5. Related party transactions

During the period, the company paid management fees in the amount of $18,900 to officers of the company. These amounts are recorded at the exchange amount, which is the amount agreed upon by both parties.

6. Comparative figures

Certain of the prior period's balances have been reclassified to conform with the current period's presentation.