TRIGON URANIUM CORP.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

AUDITORS' REPORT

To the Shareholders of
Trigon Uranium Corp.

We have audited the consolidated balance sheets of Trigon Uranium Corp. as at December 31, 2007 and 2006 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada Chartered Accountants

April 15, 2008

TRIGON URANIUM CORP.
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31

	2007	2006
ASSETS		
Current		
Cash and equivalents	$ 1,794,756	$ 2,347,665
Receivables	107,378	48,378
Prepaid expenses	44,808	43,973
Marketable securities (Note 6)	1,984,000	-
	3,930,942	2,440,016
Equipment (Note 4)	203,162	336,571
Advances on mineral properties	65,296	
Mineral properties (Note 5)	5,876,813	4,953,963
	$ 10,076,213	$ 7,730,550
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 651,571	$ 440,372
Shareholders' equity		
Capital stock (Note 7)	18,575,578	11,846,334
Contributed surplus (Note 7)	1,589,398	1,013,654
Deficit	(10,740,334)	(5,569,810)
	9,424,642	7,290,178
	$ 10,076,213	$ 7,730,550

Nature and continuance of operations (Note 1)
Commitment (Note 11)
Subsequent event (Note 15)

On behalf of the Board:

"Sidney Himmel" Director *"Ian Thompson"* Director

The accompanying notes are an integral part of these consolidated financial statements.

TRIGON URANIUM CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED DECEMBER 31

	2007	2006
EXPENSES		
Administration	$ 248,090	$ 165,051
Amortization	80,188	92,942
Conferences	24,599	15,768
Consulting	79,842	79,051
Foreign exchange gain	(26,317)	-
Investor relations	273,593	245,283
Professional fees	315,037	267,136
Property investigation costs	85,768	132,784
Rent and storage	60,978	37,546
Stock-based compensation (Note 8)	487,973	550,810
Transfer agent and filing fees	92,734	53,009
Travel and related costs	83,107	64,738
Wages and benefits	548,799	244,398
Loss before other items and income taxes	(2,354,391)	(1,948,516)
OTHER ITEMS		
Interest income	98,575	52,186
Recovery of debt	10,000	-
Costs of closing Kelowna office	(187,925)	-
Loss on sale of long-term investment	-	(9,794)
Loss on disposal of mineral properties (Note 5)	(2,814,940)	-
Loss on disposal of equipment (Note 5)	(129,600)	-
Write-off of mineral properties (Note 5)	(292,543)	(2,774,873)
Unrealized gain on marketable securities (Note 6)	96,000	-
	(3,220,433)	(2,732,481)
Loss before income taxes	(5,574,824)	(4,680,997)
Future income tax recovery (Note 12**)**	404,300	1,128,730
Loss and comprehensive loss for the year	(5,170,524)	(3,552,267)
Deficit, beginning of year	(5,569,810)	(2,017,543)
Deficit, end of year	$ (10,740,334)	$ (5,569,810)
Basic and diluted loss per common share	$ (0.09)	$ (0.10)
Weighted average number of common shares outstanding	56,869,120	36,794,707

The accompanying notes are an integral part of these consolidated financial statements.

TRIGON URANIUM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (5,170,524)	$ (3,552,267)
Items not affecting cash:		
Amortization	80,188	92,942
Loss on sale of long-term investment	-	9,794
Stock-based compensation	487,973	550,810
Costs of closing Kelowna office – equipment write-off	45,746	-
Future income tax recovery	(404,300)	(1,128,730)
Write-off of mineral properties	292,543	2,774,873
Loss on disposal of mineral properties	2,814,940	-
Loss on disposal of equipment	129,600	-
Unrealized gain on marketable securities	(96,000)	-
Changes in non-cash working capital items:		
Increase in receivables	(59,000)	(48,378)
Increase in prepaid expenses	(835)	(16,588)
Increase in accounts payable and accrued liabilities	300,103	182,300
Net cash used in operating activities	(1,579,566)	(1,135,244)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(122,125)	(25,012)
Expenditures on mineral properties	(5,247,829)	(4,549,391)
Mineral property option payments received	22,722	1,183,893
Proceeds on sale of mineral properties	25,000	-
Advances on mineral properties	(65,296)	-
Proceeds from sale of long-term investment	-	27,706
Net cash used in investing activities	(5,387,528)	(3,362,804)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	7,183,648	3,575,009
Share issuance costs	(769,463)	(353,466)
Net cash provided by financing activities	6,414,185	3,221,543
Decrease in cash and equivalents for the year	(552,909)	(1,276,505)
Cash and equivalents, beginning of year	2,347,665	3,624,170
Cash and equivalents, end of year	$ 1,794,756	$ 2,347,665

Supplemental disclosure with respect to cash flows (Note 10)

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Trigon Uranium Corp. (the "Company") was incorporated under the Canada Business Corporations Act on November 8, 2002. The Company's primary business is the acquisition and exploration of mineral properties and it is considered to be in the exploration stage.

The Company has not yet determined whether its mineral properties contain economically recoverable ore reserves. The recovery of the amounts comprising mineral properties and deferred exploration costs are dependant upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Trigon Exploration Utah Inc., Trigon Exploration Red Canyon Inc., Trigon Exploration Colorado Inc. and Trigon Diamond Corporation Ltd. All inter-company accounts and transactions have been eliminated on consolidation.

b) Cash and equivalents

Cash and equivalents consist of cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

c) Equipment

Equipment is recorded at cost. Amortization is recorded at the following annual rates and methods:

Furniture and fixtures	20% declining balance
Computer equipment	30% declining balance
Exploration equipment	20% declining balance
Drilling equipment	20% declining balance
Vehicle	30% declining balance
Leasehold improvements	5 years straight-line

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

d) Mineral properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

e) Asset retirement obligation

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting form revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

f) 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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the fair value of financial instruments, the assessment of possible impairment of its mineral properties, useful lives of amortization and stock-based compensation. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

g) Foreign currency translation

The monetary assets and liabilities of the Company denominated in foreign currencies are translated into Canadian dollar equivalents at the rate of exchange in effect at the balance sheet date and non-monetary items are translated at historical rates. Revenues and expenses are translated at rates approximating those on the transaction date. Exchange gains or losses arising on translation are included in the statement of operations.

The accounts of subsidiaries, which are integrated operations, are translated using the temporal method. Under this method, monetary assets and liabilities are translated at the year-end exchange rates. Non-monetary assets and liabilities are translated using historical rates of exchange. Revenue and expenses are translated at the rates of exchange prevailing on the dates such items are recognized in earnings. Exchange gains and losses are included in the statement of operations.

h) Stock-based compensation

The Company uses the fair value based method to recognize compensation costs for direct awards of stock and for the granting of all stock options which are valued using the Black-Scholes option pricing model. The fair value of stock options is amortized over the period of vesting. Any consideration paid on the exercise of stock options is credited to capital stock and the fair value of the options is reclassified from contributed surplus to share capital.

i) Future income taxes

Future income taxes are recorded using the asset and liability method whereby future 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 tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset would be recovered, it provides a valuation allowance against the excess.

j) Flow-through shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Recording these expenditures for accounting purposes gives rise to taxable temporary differences.

When flow-through expenditures are renounced, a portion of the future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, is recognized as a recovery of income taxes in the statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

k) Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options and warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year.

l) Comparative figures

Comparative figures have been reclassified to conform with the current year's presentation.

3. CHANGES IN ACCOUNTING POLICIES

Financial instruments

Effective January 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading financial instruments, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial instruments are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial assets are measured at fair value and changes in fair value are recognized in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

Section 3855 also provides guidance on accounting for transaction costs incurred upon the issuance of debt instruments or modification of a financial liability. Transaction costs are deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

3. CHANGES IN ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

As a result of the adoption of these new standards, the Company has classified its cash and equivalents and marketable securities as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities.

As a result of the application of these recommendations, there was no effect on the financial statements.

Recent accounting pronouncements

Accounting Changes

CICA Handbook Section 1506: "Accounting Changes" ("Section 1506"), effective for fiscal years beginning on or after January 1, 2007, establishes standards and new disclosures requirements for the reporting of changes in accounting policies and estimates and the reporting of error corrections. Section 1506 clarifies that a change in accounting policy can be made only if it is a requirement under Canadian GAAP or if it provides reliable and more relevant financial statement information. Voluntary changes in accounting policies require retrospective application of prior period financial statements, unless the retrospective effects of the changes are impracticable to determine, in which case the retrospective application may be limited to the assets and liabilities of the earliest period practicable, with a corresponding adjustment made to opening retained earnings.

Financial Instruments

AcSB issued CICA Handbook Section 3862, *Financial Instruments – Disclosures,* which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement,* Section 3863, *Financial Instruments – Presentation,* and Section 3865, *Hedges.* This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

AcSB issued CICA Handbook Section 3863, *Financial Instruments – Presentation,* which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Capital Disclosures

AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

3. CHANGES IN ACCOUNTING POLICIES (cont'd…)

Recent accounting pronouncements (cont'd…)

Capital Disclosures (cont'd…)

The Company will be required to adopt the above new accounting procedures for its fiscal period beginning December 1, 2007. The adoption of these new pronouncements is not expected to have an effect on the Company's financial position or results of operations.

Assessing Going Concern

AcSB amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company is currently assessing the impact of this new accounting pronouncement on its financial statements.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time

4. EQUIPMENT

	December 31, 2007			December 31, 2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	$ 13,794	$ 1,379	$ 12,415	$ 31,914	$ 11,180	$ 20,734
Computer equipment	158,932	80,543	78,389	109,907	57,453	52,454
Exploration equipment	148,536	57,924	90,612	122,188	40,809	81,379
Drilling equipment	-	-	-	200,000	56,000	144,000
Leasehold improvements	-	-	-	64,832	26,828	38,004
Vehicles	25,584	3,838	21,746	-	-	-
	$ 346,846	$ 143,684	$ 203,162	$ 528,841	$ 192,270	$ 336,571

5. MINERAL PROPERTIES

	Marysvale	Henry Mountains	Wray Mesa	Other Uranium Properties	Diamond Properties	Total
Acquisition costs						
Balance, beginning of year	$ 548,214	$ 881,557	$ 92,761	$ -	$ 2,088,379	$ 3,610,911
Additions during the year	324,328	438,721	689,117	598,777	267,845	2,318,788
Total acquisition costs	872,542	1,320,278	781,878	598,777	2,356,224	5,929,699
Deferred exploration costs						
Balance, beginning of year	232,486	41,851	4,361	-	5,507,435	5,786,133
Additions during the year						
Planning	83,674	86,838	35,905	383,039	63,571	653,027
Annual maintenance	33,498	226,948	109,437	77,273	-	447,156
Geology	34,833	76,317	18,152	70,436	582,980	782,718
Drilling	345,627	735,206	-	-	683,533	1,764,366
	497,632	1,125,309	163,494	530,748	1,330,084	3,647,267
Total deferred exploration costs	730,118	1,167,160	167,855	530,748	6,837,519	9,433,400
Recoveries						
Balance, beginning of year	-	-	-	-	(4,443,081)	(4,443,081)
Option payments received	-	-	-	-	(22,722)	(22,722)
Total recoveries	-	-	-	-	(4,465,803)	(4,465,803)
Disposed during the year	-	-	-	-	(4,727,940)	(4,727,940)
Written-off during the year	-	-	-	(292,543)	-	(292,543)
Total	$ 1,602,660	$ 2,487,438	$ 949,733	$ 836,982	$ -	$ 5,876,813

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge, title to the properties are in good standing.

5. MINERAL PROPERTIES

	2006									
	Marysvale (Garfield)	Henry Mountain	Wray Mesa	Ram	IC & Tim	Alliance	Weiland	Viking & Beowulf	Other	Total
Acquisition costs										
Balance, beginning of year	$ -	$ -	$ -	$ 1,300,371	$ 739,671	$ 448,236	$ -	$ 64,287	$ 51,263	$ 2,603,828
Additions during the year										
Planning and data	138,560	487,640	92,761	4,856	16,734	1,425	18,360	152	222,328	982,816
Permitting and recording	139,944	39,905	-	21,765	33,993	9	473	-	125	236,214
Staking	20,893	4,012	-	43,440	40,768	12,602	21,157	-	-	142,872
Option payments	248,817	350,000	-	-	-	-	-	-	-	598,817
	548,214	881,557	92,761	70,061	91,495	14,036	39,990	152	222,453	1,960,719
Total acquisition costs	548,214	881,557	92,761	1,370,432	831,166	462,272	39,990	64,439	273,716	4,564,547
Deferred exploration costs										
Balance, beginning of year	-	-	-	2,697,687	807,269	638,754	-	363,656	51,475	4,558,841
Additions during the year										
Planning and data	19,444	4,452	958	46,394	56,066	30,050	34,928	6,906	9,721	208,919
Sampling	-	-	-	84,473	280,050	10,356	334	10,428	116	385,757
Geology	125,962	37,399	3,403	8,225	96,769	2,756	63,056	1,690	809	340,069
Laboratory and mineral analysis	-	-	-	47,148	124,951	18,859	575	25,121	-	216,654
Geophysics	87,080	-	-	3,945	104,689	282,805	341,918	5,566	6,996	832,999
Drilling	-	-	-	144,495	61,713	837,657	19,554	712	-	1,064,131
	232,486	41,851	4,361	334,680	724,238	1,182,483	460,365	50,423	17,642	3,048,529
Total deferred exploration costs	232,486	41,851	4,361	3,032,367	1,531,507	1,821,237	460,365	414,079	69,117	7,607,370
Recoveries										
Balance, beginning of year	-	-	-	(2,449,163)	(955,353)	-	-	-	-	(3,404,516)
Additions during the year										
Option payments received	-	-	-	(201,338)	(805,668)	-	-	-	-	(1,007,006)
Management fees	-	-	-	(7,261)	(24,298)	-	-	-	-	(31,559)
	-	-	-	(208,599)	(829,966)	-	-	-	-	(1,038,565)
Total recoveries	-	-	-	(2,657,762)	(1,785,319)	-	-	-	-	(4,443,081)
Written-off during the year	-	-	-	(44,850)	(435,402)	(2,283,509)	-	-	(11,112)	(2,774,873)
Total	$ 780,700	$ 923,408	$ 97,122	$ 1,700,187	$ 141,952	$ -	$ 500,355	$ 478,518	$ 331,721	$ 4,953,963

5. MINERAL PROPERTIES (cont'd…)

a) Marysvale property (formerly Garfield property)

During the year ended December 31, 2006, the Company entered into an option agreement to acquire certain claims and two state leases in the Sevier and Piute Counties of central Utah. Under the agreement, the Company paid $207,964 (US$188,000) (2006 - $100,964 (US$88,000)), issued 700,000 (2006 – 400,000) common shares valued at $272,000 (2006 - $92,000) and incurred certain acquisition costs of $55,853 and is required to make the following payments:

Date	Payment	Issuance of shares
July 5, 2008	US$ 100,000	300,000
July 5, 2009	US$ 100,000	300,000
July 5, 2010	US$ 100,000	300,000
July 5, 2011	US$ 100,000	300,000

The Company is also required to incur exploration expenditures of US$600,000 by May 15, 2009 and US$1,500,000 on a cumulative basis by May 15, 2011. The Company also staked additional claims.

b) Henry Mountain property

During the year ended December 31, 2006, the Company entered into an option agreement to acquire certain claims and three state leases in the Henry Mountains of southeastern Utah. To earn its interest, the Company issued 1,000,000 (2006 - 500,000) common shares valued at $570,000 (2006 - $350,000). During fiscal 2006, the Company reimbursed costs totalling $394,797 to the optionor. The property is subject to a production royalty of 2%.

c) Wray Mesa property

During the year ended December 31, 2006, the Company entered into an option agreement to acquire certain claims in the La Sal Uranium district of Southeastern Utah. To acquire its interest the Company issued 400,000 (2006 – Nil) common shares valued at $220,000 (2006 - $Nil). During fiscal 2007 the Company also reimbursed the vendors $128,000 (US$109,780) for staking costs and $104,000 (US$89,820) for land maintenance costs.

5. MINERAL PROPERTIES (cont'd…)

d) Diamond properties

The diamond properties consisted of Ram, IC & Tim, Alliance, Weiland, Viking and Beowulf and certain other claims.

During the year ended December 31, 2007, the Company sold all of its diamond properties to Diamondex Resources Inc. ("Diamondex") in exchange for $25,000 and 6,400,000 common shares of Diamondex valued at $1,888,000.

The Company may also receive up to an additional 3,600,000 common shares of Diamondex if the original shares do not achieve an average share price equal to or greater than $0.50 for the 30 days leading up to July 26, 2008. The sale of the diamond properties and related assets resulted in a loss on disposal of mineral properties of $2,814,940 (2006 - $Nil) and a loss on disposal of equipment of $129,600 (2006 - $Nil).

e) Other

Other uranium acquisition and deferred exploration costs pertain to properties being acquired, including the Hauber Project located in Crook County, Wyoming. During fiscal 2007 Trigon entered into an agreement with Ur-Energy Inc. whereby Trigon can earn up to a 51% interest in the Hauber Project. According to the agreement, the Company can earn a 50% interest by expending US$1,500,000 before June 2010. Thereafter, the Company may acquire a further 1% interest by financing an additional US$1,000,000. The Company committed to an initial expenditure program of US$350,000 of exploration expenditures.

6. MARKETABLE SECURITIES

The Company has designated the Diamondex securities as held-for-trading to be valued at fair market value with any gains and losses being included in operations.

The transaction closed on July 26, 2007 with the shares having a value of $0.295 per share (gross fair market value of $1,888,000). As at December 31, 2007 the shares have a value of $0.31 per share (gross fair market value of $1,984,000) and the Company has recorded an unrealized gain of $96,000.

Subsequent to December 31, 2007, the Company sold an option enabling the holder to acquire the Diamondex shares (Note 15).

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
Unlimited common shares			
Common shares issued			
Balance as at December 31, 2005	34,797,586	$ 9,625,422	$ 282,045
Private placements	10,024,407	2,745,370	-
Exercise of warrants	2,765,463	829,639	-
Issued for mineral properties	900,000	442,000	-
Share issue costs	-	(386,119)	-
Agents' fees and options	-	(281,248)	180,799
Stock-based compensation	-	-	550,810
Future income tax on exploration costs renounced to shareholders	-	(1,128,730)	-
Balance as at December 31, 2006	48,487,456	11,846,334	1,013,654
Private placements	9,121,500	5,828,400	-
Exercise of warrants	2,211,830	1,108,549	-
Exercise of stock options	745,993	211,199	-
Exercise of agents' unit options	161,363	35,500	-
Issued for mineral properties	1,360,245	674,028	-
Share issue costs	-	(225,839)	-
Agents' fees and options	-	(611,748)	201,226
Stock-based compensation	-	-	487,973
Contributed surplus transferred on exercise of options, and agents' unit options	-	113,455	(113,455)
Future income tax on exploration costs renounced to shareholders	-	(404,300)	-
Balance as at December 31, 2007	62,088,387	$ 18,575,578	$ 1,589,398

Share issuances

On February 12, 2007, the Company issued 3,725,500 units at $0.80 per unit pursuant to a private placement for gross proceeds of $2,980,400. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share for $1.00 per share until August 8, 2008. The Company paid agents $149,792 and issued 234,050 agent unit options valued at $104,433 in connection with the financing. Each agent unit option entitles the holder to purchase one common share at $0.90 for one year.

On May 14, 2007, the Company issued 300,000 common shares at $1.00 per common share pursuant to a non-brokered private placement for gross proceeds of $300,000.

On August 8, 2007, the Company issued 5,096,000 common shares at $0.50 per common shares pursuant to a non-brokered private placement for gross proceeds of $2,548,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share for $0.65 per share until August 8, 2009. The Company paid agents $188,920 and issued 472,300 agent unit options valued at $96,793 in connection with the financing. Each agent unit option consists of one common share and one-half of one non-transferable warrant with each whole warrant entitles the holder to purchase one common share at $0.65 per share until August 8, 2009.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

On March 21, 2007, the Company issued 200,000 common shares valued at $154,000 as consideration towards the acquisition of the Wray Mesa property.

On July 3, 2007, the Company issued 300,000 common shares valued at $180,000 as consideration towards the acquisition of the Marysvale property.

On July 26, 2007, the Company issued 500,000 common shares valued at $220,000 as consideration towards the acquisition of the Henry Mountains property.

On October 3, 2007, the Company issued 200,000 common shares valued at $66,000 in order to complete the Wray Mesa property acquisition.

On October 15, 2007, the Company issued 137,500 common shares valued at $46,750 as consideration towards the acquisition of the Green Lizard property.

On October 23, 2007, the Company issued 22,745 common shares valued at $7,278 as consideration for a finder's fee for the Hauber property acquisition.

On December 11, 2006, the Company issued 3,000,000 units, each unit consisting of one flow-through common share and one-half of one non-transferable warrant, at $0.40 per unit, for gross proceeds of $1,200,000. Each whole warrant entitles the holder to purchase one common share at $0.50 per share until December 11, 2008. The Company incurred $118,200 in costs associated with this private placement. The Company also issued agents' unit options entitling the agent to purchase 300,000 units at $0.40 per unit until December 11, 2008. Each unit consists of one non flow-through common share and one-half of one share purchase warrant. Each whole warrant is exercisable into one common share at a price of $0.40 until December 11, 2008. The fair value of the agent unit options was $94,530.

On December 15, 2006, the Company issued 500,000 common shares valued at $350,000 in consideration of the Henry Mountain option agreement.

On October 27, 2006 and November 6, 2006, the Company issued 7,024,407 units, each unit consisting of one common share and one-half of one non-transferable warrant, at $0.22 per unit, for gross proceeds of $1,545,370. Each whole warrant entitles the holder to purchase one common share at $0.30 per share until either April 27, 2008 or May 3, 2008. The Company incurred $368,368 in costs associated with this private placement. The Company also issued agents' unit options entitling the agent to purchase 467,282 units and 235,151 units at $0.22 per unit until April 27, 2008 and May 3, 2008 respectively. Each unit consists of one common share and one-half of a share purchase warrant. Each whole warrant is exercisable into one common share at a price of $0.30 until April 27, 2008 or May 3, 2006. The fair value of the agent unit options was $86,269.

On July 20, 2006, the Company issued 400,000 common shares valued at $92,000 in consideration towards the acquisition of the Marysvale (Garfield) property.

8. STOCK OPTIONS AND WARRANTS

Stock options

The Company has an incentive stock option plan (the "Plan") whereby the Company may grant stock options to eligible employees, officers, directors and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market value at time of issue. The Plan provides for the issuance of up to 10% of the Company's issued common shares as at the date of grant with each stock option having a maximum term of five years. The board of directors has the exclusive power over the granting of options and their vesting provisions.

As at December 31, 2007, the Company had stock options outstanding, enabling the holders to acquire the following number of common shares:

Number of Shares	Exercise Price	Expiry Date
150,000	$ 1.05	March 31, 2008 (subsequently expired)
62,500	0.39	March 31, 2008 (subsequently expired)
300,000	0.55	June 15, 2008
150,000	1.00	June 15, 2008
75,000	1.05	June 15, 2008
150,000	0.35	July 21, 2008
150,000	0.55	July 21, 2008
100,000	0.45	December 1, 2008
350,000	0.55	December 3, 2009
50,000	1.00	December 15, 2009
230,000	1.05	January 9, 2009
350,000	0.55	January 17, 2010
150,000	0.22	March 30, 2011
500,000	0.34	November 6, 2011
50,000	1.00	December 15, 2011
200,000	0.20	December 15, 2011
275,000	1.05	January 9, 2012
3,292,500	$0.61	January 9, 2012

8. STOCK OPTIONS AND WARRANTS (cont'd…)

Stock options (cont'd…)

Stock option transactions are summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2005	1,665,993	$ 0.45
Granted	1,620,000	0.53
Expired	(15,000)	0.55
Outstanding at December 31, 2006	3,270,993	$ 0.49
Granted	992,500	0.84
Exercised	(745,993)	0.28
Expired	(225,000)	0.96
Outstanding at December 31, 2007	3,292,500	$ 0.61
Number of options currently exercisable	3,292,500	$ 0.61

Stock-based compensation

During the year ended December 31, 2007, the Company granted 992,500 (2006 – 1,620,000) options to directors, senior officers, employees and consultants of the Company. All options vested at the grant date. The fair value of the options, as determined by the Black-Scholes option pricing model, was $487,973 (2006 – $514,377) or $0.49 (2006 - $0.28) per option. During fiscal 2006, the Company extended 345,993 options resulting in additional stock-based compensation of $36,433.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	2007	2006
Risk-free interest rate	3.99%	3.80%
Expected life of options	3.5 years	2 years
Annualized volatility	136 %	97 %
Dividend rate	0%	0%

8. STOCK OPTIONS AND WARRANTS (cont'd…)

Warrants

As at December 31, 2007, the Company had warrants outstanding, enabling the holders to acquire the following number of common shares:

Number of Shares	Exercise Price	Expiry Date
1,733,418	$ 0.30	April 27, 2008
622,635	0.30	May 3, 2008
1,362,750	1.00	August 8, 2008
1,025,000	0.50	December 11, 2008
2,548,000	0.65	August 8, 2009
7,291,803	$ 0.58	

Warrant transactions are summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2005	7,989,722	$ 0.54
Granted	5,012,203	0.36
Exercised	(2,765,463)	0.30
Expired	(5,224,259)	0.67
Outstanding at December 31, 2006	5,012,203	0.36
Granted	4,491,430	0.79
Exercised	(2,211,830)	0.50
Expired	-	-
Outstanding at December 31, 2007	7,291,803	$ 0.58

8. STOCK OPTIONS AND WARRANTS (cont'd…)

Agents' unit options

As at December 31, 2007, the Company had agents' unit options outstanding, enabling the holders to acquire the following number of units:

Number of units	Exercise Price	Expiry Date
234,050	$ 0.90	February 8, 2008 (subsequently expired)
451,373	0.22	April 27, 2008
89,697	0.22	May 3, 2008
300,000	0.40	December 11, 2008
472,300	0.50	August 8, 2009
1,547,420	$ 0.44	

Agents' unit option transactions are summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2005	-	$ -
Granted	1,002,433	0.27
Exercised	-	-
Expired/cancelled	-	-
Outstanding at December 31, 2006	1,002,433	0.27
Granted	706,350	0.63
Exercised	(161,363)	0.22
Expired/cancelled	-	-
Outstanding at December 31, 2007	1,547,420	$ 0.44

During the year ended December 31, 2007, the Company granted 706,350 (2006 – 1,002,433) agents' unit options. All options vested at the grant date. The fair value of the options, as determined by the Black-Scholes option pricing model was $201,226 (2006 - $180,799). The weighted average fair value of options was $0.28.

8. STOCK OPTIONS AND WARRANTS (cont'd…)

The following weighted average assumptions were used for the Black-Scholes valuation of the agents' unit options granted during the year:

	2007	2006
Risk-free interest rate	4.48%	4.50%
Expected life of options	1.7 years	1.8 years
Annualized volatility	123%	106%
Divided rate	0%	0%

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2007, the Company entered into the following transactions with related parties:

a) Paid or accrued laboratory and mineral analysis costs, included in deferred exploration costs, of $23,866 (2006 - $133,878) to a corporation controlled by directors of the Company.

b) Paid or accrued wages, which are capitalized to mineral property planning costs, of $172,436 (2006 - $288,864) to directors of the Company.

c) Paid or accrued planning and data costs, which are capitalized to mineral property, of $42,500 (2006 - $75,500) to a corporation controlled by a director of the Company.

d) Paid or accrued accounting fees, included in professional fees, of $23,700 (2006 - $6,500) to a former officer of the Company.

Included in accounts payable as at December 31, 2007 is $22,537 (2006 - $25,691) due to directors, officers and corporations controlled by directors.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Cash and equivalents are comprised of:

	2007	2006
Cash	$ 1,794,756	$ 1,447,650
Bankers acceptance	-	900,015
	$ 1,794,756	$ 2,347,665

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd…)

The significant non-cash transactions for the year ended December 31, 2007 were as follows:

a) issued 1,360,245 common shares valued at $674,028 as consideration for mineral properties;

b) incurred mineral property expenditures of $82,543 through accounts payable;

c) issued 706,350 agents' unit options valued at $201,226;

d) received 6,400,000 common shares of Diamondex valued at $1,888,000 as partial consideration for the sale of mineral properties; and

e) recorded a fair value transfer of $113,455 in respect of options and agents' unit option exercised.

The significant non-cash transactions for the year ended December 31, 2006 were as follows:

a) issued 900,000 common shares valued at $442,000 as consideration for mineral properties;

b) incurred mineral property expenditures of $38,345 through accounts payable;

c) issued 1,002,433 agents' unit options valued at $180,799 for share issue costs; and

d) incurred share issuance costs of $133,102 through accounts payable.

11. COMMITMENT

The Company has entered into an operating lease agreement for premises. The annual lease commitments under the lease are approximately as follows:

2008	$	48,116
2009		40,100
2010		41,300
2011		24,500
	$	154,016

12. INCOME TAXES

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

	2007	2006
Loss before income taxes	$ (5,574,824)	$ (4,680,997)
Expected income tax recovery	$ (1,902,130)	$ (1,690,776)
Items not deductible for income tax purposes	1,459,682	1,658,080
Items deducted for income tax purposes	(307,910)	(163,618)
Unrecognized benefit of operating loss carryforward and change in rates	346,058	(932,416)
Future income tax recovery	$ (404,300)	$ (1,128,730)

The significant components of the Company's future income tax assets (liabilities) are as follows:

	2007	2006
Future income tax assets (liabilities)		
Non-capital loss carryforwards	$ 769,000	$ 168,500
Equipment	19,000	16,300
Share issuance costs	337,000	369,500
Mineral properties	858,000	224,800
Marketable securities	(26,000)	-
Capital loss carryforwards	12,000	14,000
	1,969,000	793,100
Valuation allowance	(1,969,000)	(793,100)
Net future income tax asset	$ -	$ -

The Company has non-capital losses of $2,800,000 available to offset against taxable income in future years, which if unutilized will expire through to 2027.

During the year ended December 31, 2007, the Company issued Nil (2006 – 3,000,000) common shares on a flow-through basis for proceeds of $Nil (2006 - $1,185,000). The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants.

During the year ended December 31, 2007, the Company renounced exploration expenditures relating to flow-through shares, resulting in a future income tax liability and a charge against capital stock. This liability has been offset by future income taxes resulting in a future income tax recovery of $404,300.

13. SEGMENTED INFORMATION

The Company has one reportable business segment, the acquisition and exploration of mineral properties. Geographical information is as follows:

	2007			2006		
	Canada	USA	Total	Canada	USA	Total
Equipment	$ 127,659	$ 75,503	$ 203,162	$ 336,571	$ -	$ 336,571
Mineral properties	-	5,876,813	5,876,813	3,084,813	1,869,150	4,953,963
	$ 127,659	$5,952,316	$6,079,975	$3,421,384	$1,869,150	$5,290,534

14. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, receivables, marketable securities, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The financial instruments that potentially expose the Company to a concentration of credit risk are cash and cash equivalents and receivables. The Company limits its exposure to credit loss for cash and equivalents by placing its cash with high quality financial institutions and for receivables by standard credit checks.

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

15. SUBSEQUENT EVENT

Subsequent to December 31, 2007, the Company received $1,280,000 for the issuance of an option enabling the optionor to acquire the 6,400,000 shares of Diamondex Resources Ltd. The option is exercisable between July 28, 2008 and August 15, 2008.