

**SKYBRIDGE DEVELOPMENT CORP.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2007**

**(UNAUDITED - PREPARED BY MANAGEMENT)**

**SKYBRIDGE DEVELOPMENT CORP.**  
**BALANCE SHEET**  
(Unaudited – Prepared by Management)

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September 30,  
2007

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**ASSETS**

**Current**

|                     |            |
|---------------------|------------|
| Cash                | \$ 217,923 |
| Accounts receivable | 624        |
| Prepaid expenses    | <u>423</u> |
|                     | 218,970    |

**Equipment** (Note 4)

1,562

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\$ 220,532

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**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Current**

|  |                 |
|--|-----------------|
| Accounts payable and accrued liabilities | <u>\$ 5,243</u> |
|--|-----------------|

**Shareholders' equity**

|                              |                 |
|------------------------------|-----------------|
| Capital stock (Note 5)       | 276,975         |
| Contributed surplus (Note 5) | 33,282          |
| Deficit                      | <u>(94,968)</u> |
|                              | <u>215,289</u>  |

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\$ 220,532

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**Basis of presentation** (Note 1)

**Continuance of operations** (Note 2)

**Subsequent events** (Note 9)

**On behalf of the Board:**

\_\_\_\_\_  
"Patrick Morris" Director

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"Robert Findlay" Director

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

**SKYBRIDGE DEVELOPMENT CORP.**  
**STATEMENTS OF OPERATIONS AND DEFICIT**  
(Unaudited – Prepared by Management)

|   | Three month<br>period ended<br>September 30,<br>2007 | Period from<br>incorporation<br>on January 30,<br>2007 to<br>September 30,<br>2007 |
|---|--|--|
| <b>EXPENSES</b>   |  |  |
| Amortization  | \$ 133   | \$ 410   |
| Accounting and auditing                                     | 2,000  | 14,496   |
| Bank charges and interest                                   | 76   | 103  |
| Legal   | 11,929   | 36,498   |
| Stock based compensation                                    | 25,757   | 25,757   |
| Transfer agent and filing fees                              | 1,248  | 16,219   |
| Telephone   | <u>235</u>   | <u>1,485</u>   |
| <b>Loss for the period</b>                                  | (41,378)   | (94,968)   |
| <b>Deficit, beginning of period</b>                         | <u>(53,590)</u>                                      | <u>-</u>   |
| <b>Deficit, end of period</b>                               | \$ (94,968)  | \$ (94,968)  |
| <b>Basic and diluted loss per common share</b>              | \$ (0.03)  | \$ (0.16)  |
| <b>Weighted average number of common shares outstanding</b> | <u>1,652,174</u>                                     | <u>617,284</u>   |

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

**SKYBRIDGE DEVELOPMENT CORP.**  
**STATEMENTS OF CASH FLOWS**  
(Unaudited – Prepared by Management)

|   | Three month<br>period ended<br>September 30,<br>2007 | Period from<br>incorporation<br>on January 30,<br>2007 to<br>September 30,<br>2007 |
|---|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |  |  |
| Loss for the period   | \$ (41,378)  | \$ (94,968)  |
| Items not affecting cash:                                       |  |  |
| Amortization  | 133  | 410  |
| Stock based compensation  | 25,757   | 25,757   |
| Changes in non-cash working capital items:                      |  |  |
| Increase in accounts receivable                                 | (624)  | (624)  |
| Decrease (increase) in prepaid expenses                         | 422  | (423)  |
| Increase (decrease) in accounts payable and accrued liabilities | <u>(519)</u>   | <u>5,243</u>   |
| Net cash used in operating activities                           | <u>(16,209)</u>                                      | <u>(64,605)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |  |  |
| Purchase of equipment and furniture                             | <u>-</u>   | <u>(1,972)</u>   |
| Net cash used in investing activities                           | <u>-</u>   | <u>(1,972)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |  |  |
| Issuance of shares for cash (net of issuance costs)             | <u>169,500</u>                                       | <u>284,500</u>   |
| Net cash provided by financing activities                       | <u>169,500</u>                                       | <u>284,500</u>   |
| <b>Change in cash for the period</b>                            | <b>153,291</b>                                       | <b>217,923</b>   |
| <b>Cash, beginning of period</b>                                | <u>64,632</u>  | <u>-</u>   |
| <b>Cash, end of period</b>                                      | <u>\$ 217,923</u>                                    | <u>\$ 217,923</u>  |
| <b>Cash paid during the period for interest</b>                 | <u>\$ -</u>  | <u>\$ -</u>  |
| <b>Cash paid during the period for income taxes</b>             | <u>\$ -</u>  | <u>\$ -</u>  |

Supplemental disclosure with respect to cash flows (Note 8)

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

**1. BASIS OF PRESENTATION**

The Company was incorporated under the Business Corporations Act (British Columbia) on January 30, 2007 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition of or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

The interim period financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest audited financial statements. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

**2. CONTINUANCE OF OPERATIONS**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**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 amount 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 period. Actual results could differ from these estimates.

**SKYBRIDGE DEVELOPMENT CORP.**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Equipment**

Equipment is recorded at cost less accumulated amortization. Amortization is being provided for using the following rates and methods:

|                    |                       |
|--------------------|-----------------------|
| Computer equipment | 30% declining balance |
| Office equipment   | 20% declining balance |

**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 the 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 period 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 will be recovered, it provides a valuation allowance against the excess.

**Stock-based compensation**

The Company uses the fair value-based method for stock-based compensation and therefore all awards to employees and non-employees will be recorded at fair value on the date of the grant and expensed over the period of vesting. The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. Any consideration paid by the option holders to purchase shares is credited to capital stock.

**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 earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

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

2,500,000 common shares that are contingently cancelable have been excluded from the weighted average number of shares outstanding.

**SKYBRIDGE DEVELOPMENT CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. EQUIPMENT**

|                    | September 30,<br>2007 |                             |                   |
|--------------------|-----------------------|-----------------------------|-------------------|
|                    | Cost                  | Accumulated<br>Amortization | Net<br>Book Value |
| Computer equipment | \$ 1,603              | \$ 361                      | \$ 1,242          |
| Office equipment   | <u>369</u>            | <u>49</u>                   | <u>320</u>        |
|                    | <u>\$ 1,972</u>       | <u>\$ 410</u>               | <u>\$ 1,562</u>   |

**5. CAPITAL STOCK**

|  | Number<br>of Shares | Capital<br>Stock  | Contributed<br>Surplus |
|--|---------------------|-------------------|------------------------|
| Authorized                                   |                     |                   |                        |
| Unlimited common voting shares, no par value |                     |                   |                        |
| Common shares issued                         |                     |                   |                        |
| Seed share issuance                          | 2,500,000           | \$ 125,000        | \$ -                   |
| Private placement                            | 2,000,000           | 200,000           | -                      |
| Share issuance costs                         | -                   | (48,025)          | 7,525                  |
| Stock-based compensation                     | <u>-</u>            | <u>-</u>          | <u>25,757</u>          |
| Balance, September 30, 2007                  | <u>4,500,000</u>    | <u>\$ 276,975</u> | <u>\$ 33,282</u>       |

**Seed share issuance**

In February 2007, the Company issued 2,500,000 common shares to directors at a price of \$0.05 per share for total proceeds of \$125,000. These common shares are held in escrow and will be released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. As at September 30, 2007, 2,500,000 of these shares remain in escrow.

If a Final Exchange Bulletin is not issued, the shares will not be released from escrow and if the Company is delisted, the shares will be cancelled.

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**5. CAPITAL STOCK (cont'd...)**

**Private placement**

On July 17, 2007 the Company completed its initial public offering (the “IPO”) through its agent, Canaccord Capital Corporation (the “Agent”) by issuing 2,000,000 common shares at \$0.10 per share for gross proceeds of \$200,000. The Company paid the Agent a cash commission of \$20,000 and an administration fee of \$10,000, reimbursed the Agent out-of-pocket expenses of \$10,500 and granted 200,000 non-transferable agent’s warrants (valued at \$7,525). Each agent’s warrant allows the holder to purchase one common share of the Company at \$0.10 per share by July 17, 2009.

**Stock Option**

During the period ended September 30, 2007, the Company adopted a stock option plan (the “Stock Option Plan”) under which it can grant up to a maximum of 450,000 options. The purpose of the Stock Option Plan is to encourage ownership of the Company’s common shares by directors, officers, employees and consultants. The term of any option granted under the Stock Option Plan may not exceed 5 years. The vesting periods for all options granted pursuant to the Stock Option Plan will be determined at the discretion of the Board of Directors at the time of the grant. The vesting schedule shall provide for a vesting period of at least 18 months and that the options will vest equally on a quarterly basis over the vesting period. The number of options granted to any one person may not exceed 5% of the outstanding listed common shares in a 12 month period.

Upon closing of the IPO, the Company granted to its directors options to acquire 450,000 Shares at a price of \$0.10 per Share, for a period of five years from the date the Corporation's Shares are listed on the TSX Venture Exchange. Any shares issued upon exercise of the 450,000 stock options shall be deposited with the escrow agent, and subject to the same escrow terms as that of the seed shares.

On September 4, 2007, the Company entered into a Letter of Intent (“LOI”) to acquire a 100% of interest in Alyris Gold Corporation (Note 9). According to the LOI, the Company will cancel 325,000 of the above options at the closing of the qualifying transaction.

Stock option transactions and the number of share options outstanding are summarized as follows:

|  | Number<br>Of Options | Weighted<br>Average<br>Exercise<br>Price |
|--|----------------------|--|
| Balance, beginning of period                 | -                    | \$ -                                     |
| Options granted                              | <u>450,000</u>       | 0.10                                     |
| Balance, end of period                       | <u>450,000</u>       | <u>\$ 0.10</u>                           |
| Number of options exercisable, end of period | <u>450,000</u>       | <u>\$ 0.10</u>                           |

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**5. CAPITAL STOCK (cont'd...)**

**Stock Option (Cont'd...)**

As at September 30, 2007, the following incentive stock options are outstanding:

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|               | Number<br>of Options | Exercise<br>Price | Expiry Date   |
|---------------|----------------------|-------------------|---------------|
| Stock options | 450,000              | \$ 0.10           | July 17, 2012 |

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**Stock based compensation**

The Company recognized under the fair value method \$25,757 of stock based compensation on the 450,000 options granted.

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

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|                          | September 30,<br>2007 |
|--------------------------|-----------------------|
| Risk-free interest rate  | 4.5%                  |
| Expected life of options | 2.5 years             |
| Annualized volatility    | 95%                   |
| Dividend rate            | 0 %                   |

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**6. FINANCIAL INSTRUMENTS**

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

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**7. INCOME TAXES**

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

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|  | Period from<br>incorporation<br>on January 30,<br>2007 to<br>September 30,<br>2007 |
|--|--|
| Loss for the period                        | \$ (94,968)  |
| Expected income tax-recovery               | \$ (32,403)  |
| Non-deductible expenses                    | 8,928  |
| Unrecognized benefit of non-capital losses | <u>23,475</u>  |
| Total income tax recovery                  | <u>\$ -</u>  |

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

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|                                | September 30,<br>2007 |
|--------------------------------|-----------------------|
| Future income tax assets:      |                       |
| Non-capital loss carryforwards | \$ 21,000             |
| Share issuance costs           | 13,000                |
| Valuation allowance            | <u>(34,000)</u>       |
| Net future income tax assets   | <u>\$ -</u>           |

The Company has available for deduction against future taxable income non-capital losses of \$69,000. These losses, if not utilized, will expire in 2027. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

**8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

The significant non-cash transactions during the period ended September 30, 2007 were as follows:

- a) Recognition of stock based compensation of \$25,757 on 450,000 options granted to directors.
- b) Recognition of share issuance costs of \$7,525 on 200,000 warrants granted to the Agent in the IPO.

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**9. SUBSEQUENT EVENTS**

Subsequent to the period ended September 30, 2007, the Company is in the process of filing a Filing Statement with respect to its qualifying transaction.

In October 2007, the Company entered into a Share Exchange Agreement with Alyris Gold Corporation (“Alyris”) to acquire 100% of the issued and outstanding shares of Alyris. Alyris holds 100% interest in two mineral properties located in Nunavut and Ontario respectively.

Pursuant to the Agreement, the Company proposes to acquire (the “Transaction”) 100% of the issued and outstanding shares of Alyris (5,450,000 common shares in total) in exchange for one common share of the Company for each Alyris share and the Company will substitute the Alyris warrants currently issued and outstanding (728,750 warrants in total) with the Company’s warrants (the “Skybridge QT Warrants”) on similar terms and conditions. Upon closing of this proposed Transaction, the Company shall cancel 325,000 Skybridge Options and grant these options to new directors and officers of the resulting issuer.

As at September 30, 2007, there were a total of 4,500,000 shares of the Company issued and outstanding, the aggregate number of issued and outstanding shares upon completion of the proposed Transaction is expected to be 9,950,000. In addition, 728,750 shares of the Company will be reserved for issuance upon exercise of the Skybridge QT Warrants.

Also in October 2007, the Company entered into a Share Purchase Agreement with Alyris and eight Alyris shareholders. As a condition of the Transaction, the shareholders of the Company will transfer 2,100,000 of the 2,500,000 escrowed shares to eight Alyris shareholders at a price of \$0.065 per share.

This proposed Transaction will constitute the qualifying transaction under the terms of the Exchange Requirements applicable to capital pool companies. Assuming the completion of the proposed Transaction, the Company will operate within the junior mining sector, involved in exploration and development of mineral properties and related activities, and be listed on the Exchange as a Tier 2 mining issuer.