

*Financial Statements of*

**ICON INDUSTRIES LIMITED**

Six months ended June 30, 2007  
(Unaudited)

Report Date – August 28, 2007

# **ICON INDUSTRIES LIMITED**

(the “Company”)

Financial Statements

Six Months Ended June 30, 2007

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## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

**“T. Barry Coughlan”**  
President and Chief Executive Officer

**“T. R. Wilson”**  
Chief Financial Officer

August 28, 2007

**ICON INDUSTRIES LIMITED**  
**BALANCE SHEETS**  
(Unaudited – Prepared by Management)

	June 30, 2007	December 31, 2006
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 2,858,651	\$ 342
Receivables	20,374	4,130
	2,879,025	4,472
<b>Mineral property investments (Note 3) -Schedule</b>	1,162,956	754,042
<b>Equipment and furniture</b>	8,920	1,419
	\$ 4,050,901	\$ 759,933
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 123,612	\$ 210,400
<b>Shareholders' equity</b>		
Share capital (Note 4)	14,276,347	10,785,886
Contributed surplus (Note 4)	185,632	153,078
Deficit	(10,534,690)	(10,389,431)
	3,927,289	549,533
	\$ 4,050,901	\$ 759,933

**Nature and continuance of operations** (Note 2)

**Subsequent event** (Note 7)

**On behalf of the Board:**

signed "T. Barry Coughlan" \_\_\_\_\_ Director    signed "T. R. Wilson" \_\_\_\_\_ Director

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

**ICON INDUSTRIES LIMITED**  
**STATEMENTS OF OPERATIONS AND DEFICIT**  
(Unaudited – Prepared by Management)

	Three Month Period Ended June 30, 2007	Three Month Period Ended June 30, 2006	Six Month Period Ended June 30, 2007	Six Month Period Ended June 30, 2006
<b>EXPENSES</b>				
Accounting and audit	\$ 10,945	\$ 1,000	\$ 10,945	\$ 1,000
Advertising and promotion	3,354	1,518	3,354	1,518
Amortization	502	135	599	270
Investor relations	17,500	-	17,500	-
Legal	12,971	4,132	16,019	5,132
Management fees	15,000	15,000	30,000	30,000
Office and administration	12,097	523	13,560	1,855
Rent	-	-	-	1,072
Stock-based compensation	18,432	22,324	32,554	34,845
Transfer agent and regulatory fees	10,227	15,112	19,864	24,060
Travel and accommodation	7,392	-	7,392	3,200
	(108,420)	(59,744)	(151,787)	(102,952)
Interest income and other income	6,474	772	6,528	772
<b>Loss for the period</b>	(101,946)	(58,972)	(145,259)	(102,180)
<b>Deficit, beginning of period</b>	(10,432,744)	(10,237,913)	(10,389,431)	(10,194,705)
<b>Deficit, end of period</b>	\$ (10,534,690)	\$ (10,296,885)	\$ (10,534,690)	\$ (10,296,885)
<b>Basic and diluted loss per common share</b>	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>	14,619,909	9,628,548	13,995,287	9,628,548

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

**ICON INDUSTRIES LIMITED**  
**STATEMENTS OF CASH FLOWS**  
(Unaudited – Prepared by Management)

	Three Month Period Ended June 30, 2007	Three Month Period Ended June 30, 2006	Six Month Period Ended June 30, 2007	Six Month Period Ended June 30, 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income (loss) for the period	\$ (101,946)	\$ (58,972)	\$ (145,259)	\$ (102,180)
Items not affecting cash:				
Amortization	502	135	599	270
Stock-based compensation	18,432	22,324	32,554	34,845
Changes in non-cash working capital items:				
Receivables	(18,260)	(1,050)	(16,244)	(5,519)
Accounts payable and accrued liabilities	(37,228)	36,988	(5,451)	35,195
Cash used in operating activities	(138,500)	(575)	(133,801)	(37,389)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Equipment purchases	(8,100)	-	(8,100)	-
Expenditures on mineral property investments	(243,914)	-	(243,914)	(42,798)
Cash used in investing activities	(252,014)	-	(252,014)	(42,798)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issuance of equity - (net of issue costs)	3,208,574	-	3,244,124	-
Share subscriptions received	-	40,000	-	125,000
Cash provided by financing activities	3,208,574	40,000	3,244,124	125,000
<b>Change in cash during the period</b>	<b>2,818,060</b>	<b>39,425</b>	<b>2,858,309</b>	<b>44,813</b>
<b>Cash position, beginning of period</b>	<b>40,591</b>	<b>22,407</b>	<b>342</b>	<b>17,019</b>
<b>Cash position, end of period</b>	<b>\$ 2,858,651</b>	<b>\$ 61,832</b>	<b>\$ 2,858,651</b>	<b>\$ 61,832</b>

Supplemental disclosure with respect to cash flows (Note 5)

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

**ICON INDUSTRIES LIMITED.**  
**SCHEDULES OF MINERAL PROPERTY COSTS**

**Schedule**

	<b>Otish Mountain Uranium Property, Quebec</b>		<b>Beresford Lake Property, Manitoba</b>		<b>Six Month Period Ended June 30, 2007</b>		<b>Six Month Period Ended June 30, 2006</b>	
<b>ACQUISITION COSTS</b>								
Shares issued	\$	165,000	\$	-	\$	165,000	\$	-
Cash payments		75,000		-		75,000		-
		240,000		-		240,000		-
<b>DEFERRED EXPLORATION EXPENDITURES</b>								
Airborne survey		152,099		-		152,099		-
Assaying		-		-		-		1,265
Consulting - geological		15,200		-		15,200		1,050
Equipment rentals		-		-		-		285
Project administration		-		-		-		362
Supplies and other		-		-		-		15
Travel and accommodation		1,615		-		1,615		1,232
		168,914		-		168,914		4,209
<b>COSTS FOR THE PERIOD</b>		408,914		-		408,914		4,209
<b>BALANCE, BEGINNING OF THE PERIOD</b>		-		754,042		754,042		693,709
<b>BALANCE, END OF THE PERIOD</b>	\$	408,914	\$	754,042	\$	1,162,956	\$	697,918

**ICON INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
SIX MONTH PERIOD ENDED JUNE 30, 2007

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**1. BASIS OF PRESENTATION**

The interim period financial statements have been prepared by the Company in Canadian dollars and in accordance with accounting principles generally accepted in Canada. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the Company's audited annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles has 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 annual filing and the management discussion and analysis report on Form 51-102F1 for the period. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

**2. NATURE AND CONTINUANCE OF OPERATIONS**

The Company is a public company listed on Tier 2 of the TSX Venture Exchange. The Company is in the business of acquiring, exploring and developing mineral resource properties, primarily in the gold industry.

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. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future.

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	June 30, 2007	December 31, 2006
Deficit	\$ (10,559,096)	\$ (10,389,431)
Working capital (deficiency)	2,755,413	(205,928)

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**3. MINERAL PROPERTY INVESTMENTS**

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 its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

**Beresford Lake Property**

The Company acquired a 100% interest in the Beresford Lake Property (the "Property") near Bisset, Manitoba pursuant to an option agreement (the "Option") with Stephen Stares, Michael Stares, and Wayne Reid (collectively the "Optionors"). To acquire its 100% interest, the Company paid the Optionors \$82,001 and issued 300,001 common shares of the Company with a value of \$60,750. The Option also included a work commitment which the Company has met. The Property is subject to a 2% net smelter royalty ("NSR") with the Company having the right to purchase 1% of the NSR for \$1,000,000 with a first right of refusal to the remaining 1%. The Option contains a provision for the acquisition of additional claim units in an area of interest surrounding the Property.

### **3. MINERAL PROPERTY INVESTMENT, CONTINUED**

#### **Beresford Lake Property (Cont'd...)**

The Option also contains a provision that if the Optionors acquired the rights to the Mirage Claim, which is located in close proximity to the Property, the Company would be required to pay \$4,000 and issue an additional 50,000 common shares in order to have that claim included in the Property. During the year ended December 31, 2004, the Company settled a dispute concerning the acquisition of an option on the Mirage Claim by issuing 65,000 common shares valued at \$22,000 and paying \$4,000.

Also during the year ended December 31, 2004, the Company entered into a letter of intent with San Gold Resources Corporation (“San Gold”) to acquire an option (the “MB4942 Option”) on mineral claim #MB4942 (the “Claim”) in Manitoba, paying San Gold \$10,000 and issuing 50,000 common shares with a value of \$16,000. In addition, in order to keep in good standing under the terms of the option and earn a 100% interest in the Claim, the Company was obligated i) to pay a total of \$200,000 and issue a total of 550,000 common shares to San Gold in stages over three years and ii) to spend a total of \$475,000 on exploration of the Claim in stages over four years. The Claim is subject to a 2% NSR in favor of San Gold with the Company having the right to purchase 1% of the NSR for \$1,000,000 with a first right of refusal to the remaining 1%. During the year ended December 31, 2006, the MB4942 Option was abandoned and total related costs of \$26,000 were written off to operations.

During the year ended December 31, 2004, the Company paid \$9,016 to acquire six additional adjacent mineral claims to form part of the Property.

#### **Otish Mountain Uranium Property**

The Company entered into an assignment agreement for the assignment of an option to acquire a 100% interest in certain mineral claims in the Otish Mountain area of Quebec. The assignor was issued 500,000 common shares valued at \$105,000 as consideration for the assignment. To earn its 100% interest the Company is required to pay \$250,000 (\$75,000 paid) and issue 1,000,000 common shares to the owner of the claims by the second anniversary of the agreement and incur exploration expenditures totaling \$1,000,000 by the third anniversary of the agreement. The claims are subject to a 2% NSR. The Company will have the right to purchase 50% of the NSR for \$1,000,000.

The Company entered into an option agreement to earn up to a 55% interest in the Eloro claims in Quebec, which are contiguous to the Company’s Otish Mountain Uranium Property. To earn a 50% interest, the Company is required to issue 300,000 common shares (50,000 issued at a value of \$60,000) and to incur exploration expenditures totaling \$1,000,000 over a three year period. Upon completion of these requirements, an additional 5% interest can be acquired for \$500,000. The claims are subject to a 2% net smelter returns royalty, 1% of which can be purchased by the Company for \$1,000,000.

**ICON INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
**SIX MONTH PERIOD ENDED JUNE 30, 2007**

**4. SHARE CAPITAL AND CONTRIBUTED SURPLUS**

	Number of Shares	Share Capital	Contributed Surplus
Authorized			
Unlimited common shares without par value			
Issued			
Balance, December 31, 2005	9,628,548	\$ 10,755,136	\$ 93,449
Issued during the year for:			
Mineral property investment	200,001	30,750	-
Stock-based compensation	-	-	59,629
Balance, December 31, 2006	9,828,549	10,785,886	153,078
Issued during the period for:			
Private placements	6,383,887	3,104,824	-
Finder's fee	135,342	-	-
Settlement of debt	542,246	81,337	-
Mineral property investment	550,000	165,000	-
Exercise of options	222,000	39,300	-
Exercise of warrants	500,000	100,000	-
Stock-based compensation	-	-	32,554
Balance, June 30, 2007	18,162,024	\$ 14,276,347	\$ 185,632

Pursuant to a private placement, the Company issued 2,000,333 units and 1,000,000 flow through units at \$0.15 per unit for total proceeds of \$450,050. Each unit consists of one common share or flow through share and one share purchase warrant exercisable into one common share at \$0.30 for two years.

Pursuant to a private placement, the Company issued 3,383,554 units at \$0.90 per unit for total proceeds of \$3,045,199. Each unit consists of one common share and one half of one share purchase warrant. One whole warrant is exercisable into a common share at \$1.25 for an eighteen month period. A finder's fee consisting of 135,342 units and cash equal to 6% of the gross proceeds was paid.

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

During the six month period ended June 30, 2007, the Company issued 542,246 common shares to settle accounts payable totalling \$81,337 and issued 550,000 common shares valued at \$165,000 towards the acquisition of the Otish Mountain Uranium Property.

During the six months ended June 30, 2007 and 2006, the Company recorded stock-based compensation expense of \$32,554 and \$34,845, respectively.

Included in accounts payable and accrued liabilities at June 30, 2007 is \$16,590 (December 31, 2006 - \$16,590) that relates to mineral property costs.

**ICON INDUSTRIES LIMITED**  
NOTES TO THE FINANCIAL STATEMENTS  
(Unaudited – Prepared by Management)  
SIX MONTH PERIOD ENDED JUNE 30, 2007

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**6. RELATED PARTY TRANSACTIONS**

The Company paid or accrued the following amounts to related parties during the six month periods ended June 30, 2007 and 2006 as follows:

Type of transaction	Nature of relationship	2007	2006
Legal fees expense or share issuance costs	To a law firm controlled by an officer and director	\$ 25,925	\$ 5,132
Management fees	To a company controlled by an officer and director	30,000	30,000
Accounting fees	To a company controlled by an officer and director	3,750	-
Geological consulting	To companies controlled by directors or to an officer	15,200	-

Included in accounts payable and accrued liabilities as at June 30, 2007 is \$99,393 (December 31, 2006-\$162,831) owing to related parties. Amounts owing to related parties are non-interest bearing and have no specific terms of repayment.

Included in receivables at June 30, 2007 is \$Nil (December 31, 2006 - \$174) due from companies with common directors.

Related party transactions are in the normal course of operations, occurring on terms and conditions that are similar to those of transactions with unrelated parties and, therefore, are measured at the exchange amount.

**7. SUBSEQUENT EVENT**

Subsequent to June 30, 2007, and subject to approval, the Company granted 900,000 incentive stock options exercisable at a price of \$0.70 per share for a period of five years.