

LINEAR METALS CORPORATION
Consolidated Financial Statements
(unaudited - Prepared by Management)
April 30, 2008

In accordance with National Instrument 51-102, released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the period ended April 30, 2008.

LINEAR METALS CORPORATION
Consolidated Balance Sheets
(unaudited - Prepared by Management)

(expressed in Canadian dollars)

	April 30 2008	October 31 2007
ASSETS	<u>\$</u>	<u>\$</u>
Current Assets		
Cash and cash equivalents	6,469,425	6,124,772
Sales taxes recoverable	797,157	623,668
Prepaid expenses	191,794	9,784
	<u>7,458,376</u>	<u>6,758,224</u>
Property and Equipment	140,893	105,291
Resource Properties	<u>11,743,530</u>	<u>7,038,415</u>
	<u>19,342,799</u>	<u>13,901,930</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	<u>548,038</u>	<u>718,651</u>
SHAREHOLDERS' EQUITY		
Capital Stock (note 4)	16,900,100	12,097,732
Warrants (note 5)	1,944,336	1,944,336
Contributed Surplus	785,980	501,777
Deficit	<u>(835,655)</u>	<u>(1,360,566)</u>
	<u>18,794,761</u>	<u>13,183,279</u>
	<u>19,342,799</u>	<u>13,901,930</u>

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

Approved by the Board of Directors

(s) Wade K. Dawe
Wade K. Dawe

(s) Michael Gross
Michael Gross

LINEAR METALS CORPORATION
Consolidated Statements of Loss and Deficit
(unaudited - Prepared by Management)

(expressed in Canadian dollars)

	For the Three Months Ended April 30		For the Six Months Ended April 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
INCOME				
Interest	74,413	82,265	205,967	100,563
	<u>74,413</u>	<u>82,265</u>	<u>205,967</u>	<u>100,563</u>
EXPENSES				
Amortization	7,234	176	13,696	230
Banking fees	363	-	585	-
Financing costs	68,000	-	68,000	-
General and administrative	30,941	6,914	62,296	8,194
Investor relations and marketing	195,798	53,259	225,690	64,418
Listing and regulatory costs	62,917	18,958	76,759	51,464
Management salaries and services	144,550	164,346	277,999	209,075
Professional services	22,963	11,938	33,479	20,288
Stock-based compensation	93,958	16,648	99,698	61,718
Travel	25,067	36,687	44,887	36,816
	<u>651,791</u>	<u>308,926</u>	<u>903,089</u>	<u>452,203</u>
LOSS FROM OPERATIONS	(577,378)	(226,661)	(697,122)	(351,640)
OTHER INCOME (EXPENSES)				
Foreign exchange	39,760	(25,226)	43,346	(46,496)
Write-down of resource properties	(751,313)	-	(751,313)	-
NET LOSS BEFORE INCOME TAXES	<u>(1,288,931)</u>	<u>(251,887)</u>	<u>(1,405,089)</u>	<u>(398,136)</u>
RECOVERY OF FUTURE INCOME TAXES (note 4(b))	<u>(1,930,000)</u>	-	<u>(1,930,000)</u>	-
	<u>(1,930,000)</u>	-	<u>(1,930,000)</u>	-
NET INCOME (LOSS)	641,069	(251,887)	524,911	(398,136)
DEFICIT, beginning of period	(1,476,724)	(395,110)	(1,360,566)	(248,861)
DEFICIT, end of period	<u>\$ (835,655)</u>	<u>\$ (646,997)</u>	<u>\$ (835,655)</u>	<u>\$ (646,997)</u>
EARNINGS (LOSS) PER SHARE - BASIC	\$ 0.02	\$ (0.01)	\$ 0.01	\$ (0.01)
EARNINGS (LOSS) PER SHARE - FULLY DILUTED	\$ 0.01	\$ (0.01)	\$ 0.01	\$ (0.01)
Weighted Average Number of Common Shares				
Basic	37,982,693	32,348,256	37,849,483	29,842,945
Fully Diluted	46,383,971	38,077,790	46,034,906	34,603,873

LINEAR METALS CORPORATION
Consolidated Statements of Cash Flow
(unaudited - Prepared by Management)

(expressed in Canadian dollars)

	For the Three Months Ended April 30		For the Six Months Ended April 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Net Income (loss) for the period	641,069	(251,887)	524,911	(398,136)
Charges to operations not involving cash				
Amortization	7,234	176	13,696	230
Stock-based compensation	93,958	16,648	99,698	61,718
Write-down of resource properties	751,313	-	751,313	-
Recovery of future income taxes	(1,930,000)	-	(1,930,000)	-
	<u>(436,426)</u>	<u>(235,063)</u>	<u>(540,382)</u>	<u>(336,188)</u>
Net change in non-cash working capital related to operations				
Decrease (increase) in sales taxes recoverable	(36,661)	(16,566)	5,280	(23,418)
Decrease in deposits	-	-	-	833
Increase in prepaid expenses	(143,681)	-	(182,010)	-
Increase in accounts payable and accrued liabilities	110,244	86,998	79,039	99,018
	<u>(506,524)</u>	<u>(164,631)</u>	<u>(638,073)</u>	<u>(259,755)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES				
Common shares issued for cash, net of issuance costs	-	8,126,889	6,828,279	10,263,913
Warrants issued for cash, net of issuance costs	-	1,302,573	-	1,713,849
	<u>-</u>	<u>9,429,462</u>	<u>6,828,279</u>	<u>11,977,762</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES				
Resource property interests and options, net	(3,140,562)	(953,457)	(5,613,530)	(1,498,897)
Sales taxes recoverable related to resource properties	(189,432)	(80,194)	(178,769)	(159,370)
Purchases of equipment	(17,010)	(48,639)	(53,254)	(51,380)
	<u>(3,347,004)</u>	<u>(1,082,290)</u>	<u>(5,845,553)</u>	<u>(1,709,647)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,853,528)	8,182,541	344,653	10,008,360
CASH AND CASH EQUIVALENTS, beginning of period	10,322,953	1,955,938	6,124,772	130,119
CASH AND CASH EQUIVALENTS, end of period	<u>6,469,425</u>	<u>10,138,479</u>	<u>6,469,425</u>	<u>10,138,479</u>
NON-CASH FINANCING ACTIVITIES				
Common shares issued as cost of financing	-	-	266,114	77,348
Warrants issued as cost of financing	-	-	-	15,487
Agent's options issued as cost of financing (note 3(d))	-	301,875	114,660	301,875

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

LINEAR METALS CORPORATION
Consolidated Statements of Comprehensive Loss
(unaudited - Prepared by Management)

(expressed in Canadian dollars)

	For the Three Months Ended April 30		For the Six Months Ended April 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Net income (loss) for the period	641,069	(251,887)	524,911	(398,136)
Other comprehensive loss (income)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Comprehensive loss for the period	<u>641,069</u>	<u>(251,887)</u>	<u>524,911</u>	<u>(398,136)</u>

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

LINEAR METALS CORPORATION
Notes to Consolidated Financial Statements
(unaudited – Prepared by Management)
April 30, 2008

1. Nature of operations

Linear Metals Corporation (the “Company”) is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. To date, the Company has not earned significant revenues and is considered to be a development stage company. The recoverability of amounts shown for resource properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, obtaining necessary financing and permitting to complete the development, and future profitable production or proceeds from the disposition thereof.

2. Accounting policies

These unaudited interim consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Accordingly, certain information and note disclosure normally included in annual consolidated financial statements have been condensed or omitted. These interim consolidated financial statements are based on accounting principles and practices consistent with those used in the preparation of the Company’s annual consolidated financial statements. These interim consolidated financial statements should be read together with the Company’s October 31, 2007 audited consolidated financial statements and the accompanying notes.

Effective November 1, 2007, the Company adopted Section 1535 – Capital Disclosures which establishes standards for disclosing information about a company’s capital and how it is managed to enable users of financial statements to evaluate the Company’s objectives, policies, and procedures for managing capital. The Company does not believe that Section 1535 will have a significant impact on its consolidated financial statements.

3. Capital Management

The Company’s objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financings. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

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The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments.

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

4. Capital Stock

a) Common Shares

- The Company has authorized an unlimited number of common shares without par value.

The following is a summary of common share capital activity during the three and six-month periods ending April 30, 2008:

	3-months ended April 30, 2008		6-months ended April 30, 2008	
	Number	Amount	Number	Amount
Balance outstanding - beginning of period	37,982,693	\$ 18,830,100	33,859,852	\$ 12,097,732
Shares Issued (see note 4(b) and (d)):				
Shares issued for cash	-	-	3,900,000	7,020,000
Shares issued as agent compensation	-	-	147,841	266,114
Shares issued on exercise of stock options	-	-	75,000	45,000
Fair value of stock options exercised	-	-	-	18,750
Less: Share issue costs	-	-	-	(617,496)
Less: Future tax effect on issuance of flow-through shares	-	(1,930,000)	-	(1,930,000)
Balance outstanding - end of period	<u>37,982,693</u>	<u>\$ 16,900,100</u>	<u>37,982,693</u>	<u>\$ 16,900,100</u>

b) Flow-through financing

On November 6, 2007, the Company completed a brokered private placement financing of 3,900,000 flow-through common shares at a price of \$1.80 per flow-through share, for aggregate gross proceeds of \$7,020,000. In connection with the financing, the Company incurred total issue costs of \$617,496, comprised of an agents' commission of \$386,100, representing 5.5% of the gross proceeds, legal and other fees of \$116,736 and the issuance of 234,000 agents' compensation options to purchase 234,000 common shares, exercisable at \$1.80 per compensation option until May 6, 2009 and valued at \$114,660 (see note 4(d)). A portion of the agents' commission was paid through the issuance of 147,841 non flow-through common shares valued at \$266,114.

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The Company is required to spend funds raised through the issuance of flow-through shares on qualified Canadian exploration expenditures, as defined by Canadian income tax legislation, prior to December 31, 2008. The gross proceeds received from the issuance of the flow-through shares, less the qualifying expenditures made to date, are being held by the Company for such expenditures. At April 30, 2008, the Company had incurred qualifying expenditures of \$3,243,846. During the three month period ended April 30, 2008, with an effective date of December 31, 2007, the Company renounced the qualifying Canadian exploration expenditures to investors. The renunciation reduces the future tax assets of the Company, which had previously been subject to a full valuation allowance, by \$1,930,000 and has been recorded as a reduction of share capital on the balance sheet and a recovery of future income tax assets on the statement of operations. Also during the three-month period ended April 30, 2008, the Company accrued financing costs arising from Part XII.6 Tax associated with the flow-through shares of \$68,000.

c) Stock Options

The following is a summary of stock option activity during the three and six-month periods ending April 30, 2008:

	<u>3-months ended April 30, 2008</u>		<u>6-months ended April 30, 2008</u>	
	<u>Number</u>	<u>Weighted average exercise price</u>	<u>Number</u>	<u>Weighted average exercise price</u>
Outstanding, beginning of period	3,272,500	\$ 1.07	3,242,500	\$ 1.07
Granted	250,000	0.85	980,000	0.96
Exercised	-	-	(75,000)	0.60
Expired/cancelled	-	-	(625,000)	1.06
Outstanding, end of period	<u>3,522,500</u>	<u>\$ 1.05</u>	<u>3,522,500</u>	<u>\$ 1.05</u>

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As at April 30, 2008, the Company has outstanding stock options entitling the holders to acquire additional common shares as follows:

Exercise price	Number outstanding	Expiry date	Number exercisable
\$ 0.60	1,360,000	August 29, 2009	408,000
0.85	250,000	March 25, 2013	
1.00	730,000	January 31, 2013	-
1.50	107,500	April 16, 2010	32,250
1.50	200,000	September 1, 2010	-
1.50	75,000	September 10, 2010	-
1.60	30,000	January 15, 2010	9,000
1.60	150,000	March 1, 2010	45,000
1.75	250,000	January 22, 2010	75,000
1.75	370,000	March 28, 2010	111,000
<u>\$ 1.05</u>	<u>3,522,500</u>		<u>680,250</u>

The fair value of stock options is estimated at the grant date using the Black-Scholes pricing model. The weighted-average assumptions used to assign value to the options granted during the six-month period ended April 30, 2008 are as follows:

Risk-free rate	3.10%
Expected volatility of the Company's share price	84%
Expected dividend yield	0%
Expected life of each option	4.00
Weighted average fair value per option at the date of grant	\$ 0.53

d) Agent's Options

As part of the Company's flow-through financing completed on November 6, 2007, the agents were granted compensation options to purchase 234,000 common shares, exercisable at \$1.80 per compensation option until May 6, 2009. The compensation options have been valued at \$114,660 and included in share issue costs. The assumptions used in the valuation of the agent's options were as follows:

Risk-free rate	4.17%
Expected volatility of the Company's share price	83%
Expected dividend yield	0%
Expected life of each agent option	1.5 years
Fair value per agent option at the date of grant	\$ 0.49

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5. Warrants

Warrant activity during the three and six-month period ended April 30, 2008 was as follows:

	3-months ended April 30, 2008			6-months ended April 30, 2008		
	Number	Weighted average exercise price	Fair Value*	Number	Weighted average exercise price	Fair Value*
Opening Balance	5,026,000	\$ 1.81	\$ 1,944,336	5,026,000	\$ 1.81	\$ 1,944,336
Issued	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Ending Balance	<u>5,026,000</u>	<u>\$ 1.81</u>	<u>\$ 1,944,336</u>	<u>5,026,000</u>	<u>\$ 1.81</u>	<u>\$ 1,944,336</u>

* Black-Scholes valuation

6. Comparative Figures

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