



ALDA Pharmaceuticals Corp.

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Form 51-102F1 Management's Discussion & Analysis for the year ended June 30, 2007

October 29, 2007

The statements contained in this report that are not purely historical are forward-looking statements. "Forward looking statements" include statements regarding our expectations, hopes, intentions or strategies regarding the future. Forward looking statements include: statements regarding future products or products or product development; statements regarding future selling, general and administrative costs and research and development spending; and our product development strategy; statements regarding future capital expenditures and financing requirements; and similar forward looking statements. It is important to note that our actual results could differ materially from those in such forward-looking statements.

ALDA PHARMACEUTICALS CORP.
MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)
FOR THE YEAR ENDED JUNE 30, 2007

1.1 Date

This Management Discussion and Analysis (“MD&A”) is dated October 29, 2007 and should be read in conjunction with the consolidated financial statements of ALDA Pharmaceuticals Corp. (“ALDA” or the “Company”) for the financial year ended June 30, 2007. All financial information is expressed in Canadian dollars and is prepared in accordance with Canadian generally accepted accounting principles (“GAAP”).

1.2 Overall Performance

On November 13, 2003, ALDA Pharmaceuticals Corp., formerly Duft Biotech Capital Ltd., completed the acquisition of the assets of 513947 BC Ltd. formerly ALDA Pharmaceuticals Inc. (“the Qualifying Transaction”) and a \$1.2 Million financing arranged by Canaccord Capital Corporation (“the Financing”). ALDA trades on the TSX Venture Exchange in Vancouver, Canada under the symbol “APH”.

ALDA has developed a patent-pending infection control formulation, referred to as T³6[®], which is incorporated into therapeutic applications such as treatments for topical and vulvovaginitis infections, hand hygiene products, a skin antiseptic for clinical and consumer use and a first-aid ointment. Studies have been performed on the T³6[®] formulation which demonstrates its ability to kill all types of infectious micro-organisms within 3 minutes and tuberculosis within 5 minutes. Toxicology studies on animals have also demonstrated that the T³6[®] formulation is not toxic.

There is competition in all of the therapeutic markets that the company has targeted. However, the T³6[®] formulation is not expensive to manufacture and can be used in a broad variety of infection-control products. Toxicology and efficacy studies have already demonstrated that the T³6[®] formulation is not toxic and is effective at killing all bacteria, viruses and fungi. The intended applications are topical, except for the vulvovaginitis treatment, so that registration is expected to be faster and less expensive than for drugs that are taken internally. Rather than disrupting metabolic pathways, the T³6[®] formulation consists of four anti-microbial ingredients in relatively low concentrations that act synergistically to disrupt the physical structure of the infectious agents. This approach prevents microbial resistance from developing. None of the active ingredients are known to have any significant side effects on humans.

ALDA has started studies that will satisfy the registration requirements of Health Canada, the US Food and Drug Administration (“FDA”) and the European Medicines Agency (“EMeA”) for the targeted applications. In other parts of the world, FDA or EMeA testing is generally accepted for registration applications. If the company decides to register the products in China, it is likely that the testing will have to be repeated in China unless there is harmonization of the requirements in the meantime.

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1.2 Overall Performance (continued)

The overall strategy for the T³⁶® products is to first secure registration as prescription products so that marketing and sales can be focused on pharmaceutical distributors that serve physicians. As efficacy and safety of the products are established, registration as over-the-counter (“OTC”) products will be sought. Once OTC status is secured, the sales and marketing focus will shift to distributors that serve pharmacies.

To complete this plan, the company will need to raise money in the public markets. This will increase the number of shares outstanding and will lead to further dilution of existing shareholders.

Market knowledge of the ALDA name is limited. ALDA will need to devote considerable resources to educate new markets about the products the Company offers. In establishing new markets, the Company will be competing with companies that are potentially already entrenched in such markets or that may be better funded than the Company. ALDA also faces significant costs and risks associated with the protection and exploitation of its intellectual property, given that the patents have not yet been granted to the Company. Competitors with significantly more resources may have an advantage over the Company in terms of the establishment, protection and exploitation of patents and other intellectual property. All of these factors are material to the Company and its business.

1.3 Selected Annual Information

Year Ended On	June 30, 2007	June 30, 2006	June 30, 2005
Revenue	\$256,243	\$223,586	\$240,998
Net Loss	\$562,090	\$378,301	\$796,301
Basic Loss Per Share	\$ 0.02	\$ 0.02	\$ 0.06
Diluted Loss Per Share	\$ 0.02	\$ 0.02	\$ 0.06
Patent Application	\$ 40,486	\$ -	\$ -
Total Assets	\$854,166	\$216,872	\$300,893
Long-Term Liabilities	\$ 0	\$ 0	\$ 0

At June 30, 2007, the Company had \$356,127 in cash with \$293,600 in subscriptions to a private placement to be received. The improvement of the Company’s cash position compared to June 30, 2006 was primarily attributed to funds received from a private placement arranged by the Company prior to June 30, 2007. For the same reasons, current assets increased by \$609,325 from \$92,673 to \$701,998. Patent application and development costs incurred during the 2007 year were capitalized with a useful life of 20 years. Accounts payable and accrued liabilities increased by \$14,764.

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1.4 Results of Operations

Sales

For the year ended June 30, 2007, sales increased to \$256,243 (2006: \$223,586). Reported sales were primarily due to the sale of the company’s surface disinfectant, T³6[®] Disinfectant, through its distributors to the first responders, dental and beauty markets. In 2006, the Company also introduced T³6[®] Hand Sanitizer which was also being sold through the same distributors.

Cost of sales

For the year ended June 30, 2007, the cost of sales incurred was \$165,920, representing 64% of total sales (2006: \$142,379; 64%). Cost of sales includes the direct costs of the inventory sold during the period plus warehousing costs and handling charges.

Gross Profit (Loss)

For the year ended June 30, 2007, gross profit of \$90,323 was recognized (2006: \$81,207). The percentage of gross profit has remained relatively stable over the last three years.

Advertising and promotion

Advertising and promotion costs for the year ended June 30, 2007 were \$12,766 (2006: \$12,169). The Company has put new efforts into attracting new customers by providing lectures, sending samples of T³6[®] Disinfectant and literature to potential new customers and distributors. Due to the closing of recent private placements, the Company has more resources to further increase its presence in the market.

Consulting

Consulting fees for the year ended June 30, 2007 were \$308,600 (2006: \$183,218). Included in \$308,600 consulting fees were \$180,000 paid to executives of the company as a form of remuneration for their services provided to the Company. The related party transactions were summarized as follows.

- \$60,000 to 503213 BC Ltd., a company controlled by Dr. Terrance G. Owen, President & CEO, for services related to directing the technical aspects of research and development, product testing, domestic and international product registrations and intellectual property protection; negotiating and establishing international marketing agreements; assisting with domestic and international sales and marketing strategies, marketing materials, internet marketing and investor relations activities; directing the company’s legal and accounting professionals; advising officers and directors of company matters and ensuring that the regulatory requirements of the company are fulfilled.

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1.4 Results of Operations (continued)

Consulting (continued)

- \$60,000 to 612480 BC Ltd., a company controlled by Peter Chen CFO, for advising on the financial aspects of research and development, product testing, domestic and international product registrations and intellectual property protection; negotiating and establishing international marketing agreements; assisting with domestic and international sales and marketing strategies, marketing materials, internet marketing and investor relations activities; directing the company’s legal and accounting professionals; advising officers and directors of company matters and ensuring that the regulatory requirements of the company are fulfilled.
- \$60,000 to 680806 BC Ltd., a company controlled by Dr. Allan Shapiro for advising on and assisting with research and development, marketing and sales, product testing, domestic and international product registrations and intellectual property protection and attending conferences, conducting seminars and training sessions and providing presentations at conferences.

Of the \$308,600 in consulting fees, \$82,000 were related to stock options granted to executives, officers and consultants of the Company. The balance was paid to third party consultants for services provided in marketing and business development.

Investor relations

The investor relations activities amounted to \$65,039 for the year ended June 30, 2007 (2006:\$ 52,808). Freeform Communications Inc. (“Freeform”) received a total of \$38,300 from the Company; \$2,000 were related to stock options granted to Freeform over the year. The Company retained Rhone Alternative Marketing Partners (“RAMP”) to raise funds in Europe to undertake the testing and registration of the topical therapeutic applications of ALDA’s T³6[®] technology. Over the year RAMP received a total of \$20,000 from the Company. Other investor relations expenses incurred during the 2007 fiscal year were \$6,739 for the dissemination of news releases provided by Canada Newswire and CCN Matthews.

Legal and accounting fees

Legal and accounting fees were totaled \$53,697 for the year ended June 30, 2007 (2006: \$63,179). Accounting fees primarily consisted of the cost of the year-end audits and for reviewing the quarterly statements. Legal fees in 2007 consisted of closings of private placements, advising the Company on general legal matters, and attending to preparation of required documentation to the TSX Venture Exchange and the securities commissions.

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1.4 Results of Operations (continued)

Legal and accounting fees (continued)

As announced in a news release issued by the company on September 13, 2007, Berris Mangan resigned as the Company’s auditor due to a decision by Berris Mangan to focus its practice on TSX-listed companies with Canadian reporting responsibilities. The Company confirmed that there are no “reportable events” (as such term is defined in National Instrument 51-102 of the Canadian Securities Administrators) and appointed HLB Cinnamon Jang Willoughby, Chartered Accountants (“CJW”) as the interim auditor to conduct the year-end audit.

Product Registration and Development Costs

Total costs incurred in this category for the year ended June 30, 2007 was \$42,617 and capitalized under patent application and development costs. (2006: \$ 18,377). Patent costs incurred during the year were capitalized with an amortization period of 20 years rather than expensed. A new category has been added to the Balance Sheet to reflect this change in accounting practices. Costs in this category include the fees paid to the regulatory consultants in Canada and the US to pursue the registration of the company’s products in the United Kingdom and the United States. Costs spent on laboratory testing and intellectual property protection are also included in this category. Other than the patent costs which were capitalized, there were no development expenses for the year ended June 30, 2007

Wages and benefits

Wages and benefits were \$116,633 for the year ended June 30, 2007 (2006: \$75,903). Costs in this category include the wages paid to accounting and administrative assistance and to sales and marketing staff as well as the expenses related to stock options granted to certain directors and employees. Included in wages were \$62,500 related to stock-based compensation.

Loss from operations

The loss from operations was \$562,090 for the year ended June 30, 2007 (2006: \$380,026). Losses for the year ended June 30, 2007 were greater than for previous years due to non-cash stock options granted to certain officers, consultants, directors and an employee during the year. The amortization expense increased to \$16,281, an increase of 97% compared to previous years. Such increase was mainly due to the amortization of intangible assets and the capitalized patent application costs. A number of initiatives were taken during the year to promote further growth of the company, including private placements, expanding the patent portfolio of the company, seeking expert advice on product registrations undertaking laboratory tests of T³6[®] Disinfectant, preparing marketing materials, evaluating new manufacturing facilities, and seeking out new distributors and customers. Comparing to the 2006 fiscal year, sales of T³6[®] Disinfectant for the 2007 fiscal year increased by 14%, while expenses increased by approximately 33%.

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1.4 Results of Operations (continued)

Loss from operations (continued)

Management continues to work towards the launch of new products, including T³6[®] Personal Disinfectant, T³6[®] Hand Sanitizer and the therapeutic products. The pursuit of the new therapeutics products requires the Company to invest continuously in product development, clinical trials, product registrations and intellectual property protection. As a result, further losses will be anticipated in the subsequent periods. Management continues to work towards the launch of new products, including T³6[®] Personal Disinfectant, T³6[®] Hand Sanitizer and the therapeutic products. The pursuit of the new therapeutics products requires the Company to invest continuously in product development, clinical trials, product registrations and intellectual property protection. As a result, further losses will be anticipated in the subsequent periods.

Other income (Loss)

Interest income earned from the deposits for the year ended June 30, 2007 was zero (2006: \$1,725).

The intangible asset originally estimated at \$540,000 was written down to \$116,000 in the 2005 fiscal year due to the devaluation of the assets purchased by the Company for its Qualifying Transaction. Because the management of the Company anticipated that the net recoverable amount of the intangible asset exceeded the carrying value, no further impairment loss was recognized for the 2006 year. The anticipated net recoverable amount was calculated based on the undiscounted future cash flows.

During 2007 fiscal year, the carrying value of intangible asset was determined to have an estimated finite life of 20 years.

During the 2005 fiscal year, the Company entered into a settlement agreement with a claimant, whereby the Company agreed to terminate the use, and application for registration of, the trademark “Viralex”. The settlement agreement required the Company to liquidate its inventory of goods bearing the trademark within twelve months from the date of the agreement in all advertising and other promotional means. In connection with the settlement of the trademark depute, a gain of \$37,383 (\$30,000 US), previously held by the Company’s lawyer, was recognized the Company and reported in the Statement of Operations and Deficit as a gain on legal settlement for the 2006 year.

During the 2005 year, the Company commenced legal action against the competitor described above with respect to certain alleged defamatory statements made by the competitor. This claim was settled effective July 12, 2006, by an agreement under which the Company is to receive an amount of \$15,000 from the competitor. The proceeds of the settlement, net of associated legal costs in the amount of \$4,455, have been recognized in the Statement of Operations and Deficit for the period ended June 30, 2007.

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1.4 Results of Operations (continued)

Loss for the year

The loss for the year ended June 30, 2007 was \$562,090 (2006: \$378,301). The increases in losses for 2007 were mainly due to higher levels of non-cash stock-based compensation to consultants, directors, officer and an employee while losses for 2006 were offset by a gain of a legal settlement in connection with the settlement of the trademark dispute.

Use of proceeds

The net proceeds received from the closing of recent private placements will be used for working capital including such activities as starting initial clinical trials of the T³6[®] formulation in therapeutic products, registering T³6[®] products in major markets, seeking expert advice on product regulatory issues, re-branding and advertising current and new lines of products and seeking possible registration of ALDA’s securities in foreign jurisdictions.

1.5 Summary of Quarterly Results.

Quarter ended	Jun/07	Mar/06	Dec/06	Sep/06	Jun/06	Mar/06	Dec/05	Sep/05
Revenue	61,433	72,879	64,356	57,575	58,724	47,694	60,285	56,883
Net loss	302,345	84,831	78,324	96,591	67,371	118,084	137,213	55,633
Loss/share	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00
Total assets	854,166	176,316	175,743	208,281	216,872	207,800	319,192	237,141

The revenues generated from the sale of T³6[®] Disinfectant have been relatively consistent while a reduction in operating expenses has been realized. Resources spent in patenting, research and development, and product registrations have been capitalized with an amortization period of 20 years. The greater loss recognized in 2007 fiscal year was mainly due the non-cash stock options granted to certain officers, directors, consultants and an employee and increased consulting fees and wages. No further impairment loss was recognized from the intangible assets as the intangible assets were determined to have a definite life of 20 years commencing July 1, 2006. Prior to July 1, 2006, the intangible assets deemed to have an indefinite life subject to annual test of impairment. \$245,000 impairment loss on intangible assets was incurred for the fiscal year 2005 which reduced the carrying value of the intangible assets to \$116,000. No further impairment loss was recognized for the fiscal year 2006. In connection with the settlement of legal disputes, the Company recognized a net gain of \$10,545 and \$37,383 in fiscal years 2007 and 2006, respectively.

Total assets were increased over the quarters as a result of receiving external funding from the private placements. All resources will be used in marketing, product development, intellectual property protection and the other requirements of an operating company that is introducing a new technology and products to the market.

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1.6 Liquidity

Although the company generates revenues from the sale of its lead product, T³6[®] Disinfectant, sales are still occurring only in Canada. Approvals have been obtained for T³6[®] Disinfectant in the European Union and China and the Company will be pursuing opportunities in these markets. The company has also established a plan for the development, testing, registration and marketing of therapeutic applications of the T³6[®] formulation. The Company will need to undertake further financings in order to pursue these plans and these financings will lead to the dilution of current shareholders of the Company.

1.7 Capital resources

On September 13, 2006, the Company raised net proceeds of \$71,500 by selling a total of 1,430,000 Units of the Company's at price of \$0.05 per Unit. Each Unit consisted of one common share of the Company and one warrant that entitled the holder to purchase one additional common share at a price of \$0.10 per share for a period of 12 months following the closing date. The estimated fair value of warrants being \$20,020 was allocated to contributed surplus for warrants. On June 7, 2007, the Company completed a private placement of 8,000,000 Units at a price of \$0.10 per unit for net proceeds of \$793,820. Each Unit consist of one common share and one warrant that entitles the holder to purchase one additional common share at a exercise price of \$0.20 per share until June 7, 2008 and, thereafter at a price of \$0.30 per share until June 7, 2009. The estimated fair value of warrants being \$384,000 was allocated to contributed surplus for warrants. The net proceeds will be used for general working capital. As of June 30, 2007, the Company received funds of \$196,200 from the exercise of 1,062,000 warrants and 900,000 options at an exercise price of \$0.10. Option values of \$18,000 previously recorded in contributed surplus for options were credited to share capital. Warrant values of \$13,806 previously recorded in contributed surplus for warrants were credited to share capital.

At June 30, 2007, the Company had 32,192,404 outstanding common shares. 4,240,500 warrants expired without being exercised. Subsequent to the closing of two private placements, the Company has a total of 12,364,000 outstanding warrants exercisable at an exercise price range of \$0.10 to \$0.20 before the date of expiration. During the period, the Company received an approval from TSX to extend 3,916,000 warrants granted pursuant to private placement by a year to December 21, 2007 at the same exercise price of \$0.10 per share. The outstanding stock options as at June 30, 2007 were 2,480,000 with a weighted average exercise of \$0.11 per options.

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1.7 Capital resources (continued)

There is no guarantee that the Company will derive any proceeds from the exercise of outstanding warrants and there is no assurance that additional funding will be available to the Company to fulfill its business objectives. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Many of the Company products still require further development and laboratory testing in order to obtain required regulatory approvals. A lack of funds will impair the ability of the Company to complete such tests. A lack of funds will also impair the Company’s ability to establish marketing and sales plans once the products have been approved for sale. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various activities and may be unable to continue in operation. ALDA may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company’s shareholders and may result in dilution to the value of such interests.

1.8 Off-Balance Sheet Arrangements

The company is not aware of any off-balance sheet transactions requiring disclosure.

1.9 Transactions with Related Parties

- a) During the 2007 year, the Company incurred consulting fees of \$120,000 (2006: \$120,000) to companies controlled by directors of the Company.
- b) During the 2007 year, the Company incurred premises rent of \$28,371 (2006: \$30,912) to a company controlled by a director of the Company.
- c) During the 2007 year, the Company incurred consulting fees of \$60,000 (2006: \$60,000) to a major shareholder of ALDA.
- d) Included in \$293,600 Subscriptions receivable are \$105,000 owing by directors of the Company.

These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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1.10 Fourth Quarter, 2007

During the fourth quarter ended June 30, 2007, there were no extraordinary events that affected the Company. Sales for the quarter were close to the average sales recorded per quarter for the last two years. A private placement for \$800,000 was completed on June 7, 2007. There were no significant year-end adjustments except that certain comparative figures for the 2006 have been reclassified to conform to the presentation adopted for the 2007 year.

1.11 Proposed transactions

The company is not aware of any proposed transactions requiring disclosure.

1.12 Critical Accounting Estimates

The company is a venture issuer and is not required to provide critical accounting estimates.

1.13 Changes in Accounting Policies Including Initial Adoption

Effective July 1, 2001, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants Accounting Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments ("CICA 3870"). During the year ended June 30, 2004, CICA 3870 was amended to require the use of the fair value-based method to account for stock options granted to employees. In accordance with the revised recommendations, the Company has prospectively applied the fair value-based method to all stock options granted to employees on or after July 1, 2003, whereby compensation cost is measured at fair value at the date of grant and is expensed over the vesting period.

Effective July 1, 2003, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants Handbook, Section 3063, Impairment of long-lived assets ("CICA 3063"). The new recommendations were applied prospectively to all long-lived assets held for use by the Company after July 1, 2003.

The financial statements include a note providing reconciliation to United States Generally Accepted Accounting Standards (“GAAS”).

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1.13 Changes in Accounting Policies Including Initial Adoption (continued)

Patent application and development costs include all expenditures attributable to efforts by the Company to develop, and bring to commercial production a new product as well as to acquire legal protections for its proprietary products, such as trademarks and patents. Such amounts are charged as an expense in the period incurred except in circumstances where the market and technical feasibility of the product have been established, and recovery of patent application and development costs can reasonably be regarded as assured and future values can be realized, in which case such costs are capitalized. In the latter case, patent application and development costs are amortized on a systematic basis over the patent life of 20 years.

The carrying amount of intangible assets which are determined to have a finite useful life are amortized on a systematic basis over the useful life of 20 years.

1.14 Financial Instruments

The Company's financial instruments consist of cash and equivalents, accounts receivable, subscriptions receivable, accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying values except where otherwise noted. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risk arising from these financial instruments except where otherwise noted.

1.15 Other MD&A Requirements

(a) Additional Information

Additional information relating to the Company can be found on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) database at www.sedar.com.

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1.15 Other MD&A Requirements (continued)

(b) Disclosure of Outstanding Share Data

The following table summarizes our outstanding share capital as at June 30, 2007:

Security	Number
Each class and series of voting or equity securities for which there are securities outstanding: Common Shares	32,192,404
Each class and series of securities for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities	
Stock Options	2,480,000
Warrants	12,364,000
Convertible Debentures	0
Each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities above	
Common Shares	47,036,404

(c) Disclosure Controls and Procedures

The management of ALDA is responsible for establishing and maintaining disclosure controls and procedures for the Company and has designed such disclosure controls and procedures, or caused them to be designed under ALDA management’s supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to ALDA management by others within those entities particularly during the period covered by this MD&A.

ALDA management has evaluated the effectiveness of the Company’s disclosure controls and procedures for the period covered by this MD&A and based on that evaluation, management has concluded that the disclosure controls and procedures are effective.

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1.15 Other MD&A Requirements (continued)

(d) Internal Control Over Financial Reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting. There has been no change in the Company’s internal control over financial reporting during the review period that has materially affected, or that is reasonably likely to materially affect, the Company’s internal control over financial reporting.

1.16 Subsequent Events to June 30, 2007

- a) Subsequent to the year ended June 30, 2007, 2,790,000 warrants at an exercise price of \$0.10 per warrant and 100,000 options at an exercise price of \$0.10 per options were exercised for total gross proceeds of \$289,000.
- b) Subsequent to the year ended June 30, 2007, the Company arranged a private placement of up to two (2) millions Units at a price of 12 cents per unit for gross proceeds of \$240,000 as announced in a news release issued by the company on July 10, 2007. Each Unit consists of one common Share of the Company and one non-transferable share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of 24 cents per common share for a period of 12 months from the date of closing and at a price of 36 cents per common share for the subsequent period of 12 months. The 12 cent private placement was closed on August 13, 2007. Finder’s fee in the amount of \$6,300 was charged against the share capital in connection with the closing of the private placement.
- c) Subsequent to the year ended June 30, 2007 and as announced in a news release issued by the company on September 13, 2007, Berris Mangan resigned as the Company’s auditor due to a decision by Berris Mangan to focus its practice on TSX-listed companies with Canadian reporting responsibilities. The Company confirmed that there are no “reportable events” (as such term is defined in National Instrument 51-102 of the Canadian Securities Administrators) and appointed HLB Cinnamon Jang Willoughby, Chartered Accountants (“CJW”) as the interim auditor to conduct the year-end audit.

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1.16 Subsequent Events to June 30, 2007 (continued)

- d) Subsequent to the year ended June 30, 2007, the Company arranged a private placement of up to 3,500,000 Units at a price of 15 cents per unit for gross proceeds of \$525,000 as announced in a news release issued by the company on October 23, 2007. Each Unit consists of one common Share of the Company and one non-transferable Share purchase Warrant entitling the holder to acquire one additional common share of the Company at a price of 30 cents per common share for a period of 12 months from the date of closing and at a price of 45 cents per common share for the subsequent period of 12 months. This arrangement has not yet been approved by TSX Venture Exchange.