

GHG RESOURCES LIMITED.

1255 West Pender Street
Vancouver, B.C. V6C 2V1

Tel: (604) 662-3230

Fax: (604) 682-4309

February 28, 2007

BY SEDAR

NOTICE TO READER

To the Shareholders of
GHG Resources Limited

The attached interim financial statements have been prepared by Management of GHG Resources Limited and have not been reviewed by the auditors of GHG Resources Limited.

Yours truly,

GHG RESOURCES LIMITED

“Christopher Fung”

President

GHG RESOURCES LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended

DECEMBER 31, 2006

(Unaudited)

GHG RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2006 AND SEPTEMBER 30, 2006

| | December 31, 2006 | September 30, 2006 |
|--|----------------------|-----------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 1,866,965 | \$ 4,173,910 |
| Advances and receivables | 413,548 | 45,589 |
| Inventories | 23,972 | 71,099 |
| Prepaid expenses | 61,150 | 3,385 |
| | <u>2,365,635</u> | <u>4,329,619</u> |
| Due from related party (Note 6) | 237,441 | 45,029 |
| Investment in mineral property (Note 4) | 463,810 | --- |
| Mineral properties (Note 4) | 23,329 | 23,329 |
| Plant and equipment | <u>74,720</u> | <u>77,254</u> |
| | <u>\$ 3,164,935</u> | <u>\$ 4,475,231</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 668,346 | \$ 1,381,828 |
| Promissory notes payable (Note 5) | 19,790 | 19,487 |
| Due to related parties (Note 6) | <u>64,451</u> | <u>173,242</u> |
| | 752,587 | 1,574,557 |
| Asset retirement obligation | <u>34,875</u> | <u>33,385</u> |
| | 787,462 | 1,607,942 |
| Shareholders' equity | | |
| Capital stock (Note 6) | 8,609,088 | 8,609,088 |
| Contributed surplus | 229,908 | 229,908 |
| Shares to be issued | 150,000 | --- |
| Deficit | (6,567,203) | (5,805,072) |
| Cumulative translation adjustment | <u>(44,320)</u> | <u>(166,635)</u> |
| | <u>2,377,473</u> | <u>2,867,289</u> |
| | <u>\$ 3,164,935</u> | <u>\$ 4,475,231</u> |

Nature and continuance of operations (Note 1)

Subsequent events (Note 10)

On behalf of the Board:

"Christopher Fung"

Director

"Brian Takeuchi"

Director

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

GHG RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
THREE MONTH PERIOD ENDED DECEMBER 31

| | 2006 | 2005 |
|---|-----------------------|-----------------------|
| SALES | \$ --- | \$ --- |
| COST OF SALES | 640,564 | 31,034 |
| | <u>640,564</u> | <u>31,034</u> |
| EXPENSES | | |
| Amortization | 5,895 | 315 |
| Automobile | 1,185 | 1,185 |
| Consulting | 14,025 | --- |
| Directors' salaries | 58,110 | --- |
| Interest on promissory notes payable | 303 | 303 |
| Management fees | --- | 15,000 |
| Office and administration | 12,758 | 13,510 |
| Professional fees | 10,289 | 900 |
| Transfer agent, filing and regulatory fees | 2,073 | 2,613 |
| Travel, promotion and entertainment | 25,009 | 12,402 |
| | <u>129,647</u> | <u>46,227</u> |
| Loss before other items | <u>(770,211)</u> | <u>(77,261)</u> |
| OTHER ITEMS | | |
| Interest Income | 8,080 | --- |
| | <u>8,080</u> | <u>---</u> |
| Loss for the period | (762,131) | (77,261) |
| Deficit, beginning of period | <u>(5,805,072)</u> | <u>(6,939,657)</u> |
| Deficit, end of period | <u>\$ (6,567,203)</u> | <u>\$ (7,016,918)</u> |
| Basic and diluted loss per common share | <u>\$ (0.07)</u> | <u>\$ (0.01)</u> |
| Weighted average number of common shares outstanding | <u>10,673,633</u> | <u>10,673,633</u> |

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

GHG RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTH PERIOD ENDED DECEMBER 31

| | 2006 | 2005 |
|--|--------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the period | \$ (762,131) | \$ (77,261) |
| Items not affecting cash: | | |
| Amortization | 5,895 | 315 |
| Accrued interest expense on promissory notes payable | 303 | 302 |
| Accrued expenses from related parties | (192,412) | (26,769) |
| Change in non-cash working capital items: | | |
| Decrease in advances and receivables | 307,224 | 9,286 |
| Increase in inventories | (47,127) | --- |
| Decrease in prepaid expenses | (57,765) | (24,895) |
| Decrease in accounts payable and accrued liabilities | (713,482) | (125,672) |
| Decrease in due to related parties | (108,791) | --- |
| Net cash used in operating activities | (1,568,286) | (244,694) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Obligation to issue shares | (150,000) | (60,600) |
| Net cash provided by financing activities | (150,000) | (60,600) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of plant and equipment | (2,534) | (1,000) |
| Investment in mineral properties | (463,810) | --- |
| Net cash used in investing activities | (466,344) | (1,000) |
| Effect of foreign exchange rates on cash | (122,315) | 97,892 |
| Decrease in cash for the period | (2,306,945) | (208,402) |
| Cash, beginning of period | 4,173,910 | 289,520 |
| Cash, end of period | \$ 1,866,965 | \$ 81,118 |

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the laws of British Columbia on June 7, 1983 and its principal business activities include the acquisition and development of mineral properties. The Company is presently listed on the TSX Venture Exchange.

The Company is currently in the production stage, and is continuing the process of exploring and developing its mineral properties. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the 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 on obtaining continued support from its creditors, raising adequate financing and generating profitable operations in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Tun Resources Inc. ("Tun"). All significant inter-company balances and transactions have been eliminated. These consolidated financial statements also include Tun's proportionate share of the assets, liabilities, revenues, expenses and cash flows of its joint venture interest in the Yunnan Yuntong Exploration Company Ltd. ("YYE"), a company established in the People's Republic of China ("China"). Joint venture assets, liabilities, revenues and expenses are allocated between the Company and its joint venture partner based on each venturers' pro-rated interest in the joint venture using the proportionate consolidation method.

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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

Mineral properties

The cost of acquiring mineral properties is capitalized and, when commercial production commences, is charged to operations on a unit of production method based on estimated reserves. Exploration and development expenditures, including those on capitalized mineral properties, are expensed as incurred.

The recorded cost of mineral exploration interests is based on cash paid, the value of share considerations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependant on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. 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 from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability and in the cost of the related long-lived assets.

Plant and equipment

Plant and equipment are recorded at cost less accumulated amortization. Amortization is recorded using the following methods and annual rates:

| | |
|--------------------------------|-----------------------------|
| Automobile | 20% straight-line |
| Computer equipment | 20% - 30% declining balance |
| Plant, machinery and equipment | 20% straight-line |

Stock-based compensation

The fair value of stock options granted is determined using the Black-Scholes option pricing model and recorded as stock-based compensation expense.

Revenue recognition

Revenue from gold production is recognized in the accounts when gold is shipped, title passes and collection of the sale is reasonably assured.

Inventories

Inventories are stated at the lower of average cost and net realizable value.

Foreign currency translation

The financial statements of the Company's subsidiary, whose functional currency is the Renminbi ("RMB"), are translated into Canadian dollar equivalents using the current rate method, whereby all assets and liabilities are translated at year end exchange rates and revenues and expenses are translated at rates which approximate those on the dates of transactions. Gains and losses arising from exchange translation are included in shareholders' equity under cumulative translation adjustment on the balance sheet. The RMB is not freely convertible into foreign currency, and there are restrictions on the removal of capital from the country. In addition, the quotation of exchange rates does not imply convertibility of RMB into Canadian dollars or other currencies.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currency translation

All monetary assets and liabilities of the Company that are denominated in foreign currencies are converted at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Revenues and expenses are converted at the rates which approximate those on the dates of the transactions. Exchange gains and losses on transactions are included in the statement of operations.

Earnings (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 year.

Basic earnings (loss) per share are calculated using the weighted-average number of shares outstanding during the year.

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

Comparative figures

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

3. INVENTORIES

Inventories primarily consist of gold that is carried at the lower of cost and net realizable value. Chemical materials are carried at the lower of cost and replacement cost. Cost is determined on a weighted average basis.

| | December 31, 2006 | September 30, 2006 |
|--------------------|----------------------|-----------------------|
| Inventories | \$ 23,972 | \$ 71,099 |
| | \$ 23,972 | \$ 71,099 |

4. MINERAL PROPERTIES

| | December 31, 2006 | September 30, 2006 |
|---|----------------------|-----------------------|
| Yunnan Yuntong Properties, Yunnan Province of China | | |
| Balance, beginning of year | \$ 15,805 | \$ 15,805 |
| Asset retirement obligation | 10,015 | 10,015 |
| Depletion | (2,087) | (2,087) |
| Effect of foreign exchange rate | (404) | (404) |
| Balance, end of year | \$ 23,329 | 23,329 |

The Company, through its wholly owned subsidiary, Tun Resources Inc. owned interests in three mineral properties located in the Zhen Yuan Mining District, China (together, the “Yunnan Yuntong Properties”): the Shangzhai exploration licence area and mining concession and the Bianfushan exploration licence area and mining concession, which have been in production; and the Jiazutian (formerly Lannitang) exploration licence area, which is in the exploration and development stage. The Company’s interests in its mineral properties are held through the Yunnan Yuntong JV, a Chinese joint venture company (Note 12).

On August 29, 2006, the Company signed a Contract of Transferring Exploration Properties with Simao Municipal Bureau of Land and Resources in Yunnan Province (“Simao”) to transfer the title of the above three mineral properties to Simao for gross proceeds of RMB 25 million. After transferring the title to Simao, the Company will still keep the mining rights for Shangzhai and Bianfushan, which will allow the Company to mine gold on the two properties until the current mining rights expire in June 2011. However, the Company can do no further exploration on the properties. The Company paid a consulting fee of RMB 2.5 million to a company for its help in negotiating this transaction. In addition, the Company accrued at year end RMB 1,250,000 of business tax, RMB 100,000 of property valuation fees and RMB 8,965,600 of government assessment in connection with the transaction, resulting in net proceeds of RMB 12,184,400 from the sale of the mineral titles.

Title to mining 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 mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

Vizcachitas Property - Chile

The Company has entered into an agreement with Global Copper Corp (“Global”) for an option on all of Global’s indirect interest in the Vizcachitas property. The option gives GHG the right to acquire all of Global’s interests in the Vizcachitas copper property.

As part of the consideration payable to exercise the option, GHG will issue to Global 6,280,000 shares and 3,900,000 share purchase warrants. Each warrant will enable Global to acquire one additional share of GHG exercisable for a period of three years from the date of issuance at \$1.00 per share.

4. MINERAL PROPERTIES (cont'd...)

GHG paid a US\$400,000 deposit toward the purchase price, with the balance of US\$10,000,000 payable after the completion of the private placement. Subsequent to December 31, 2006, GHG and Global agreed to extend the closing date of the transaction in order to allow for the completion of final documentation.

The Option provides GHG with the right to purchase all of the issued and outstanding shares of Vizcachitas Limited. Vizcachitas Limited and another wholly owned subsidiary of Global own all of the issued and outstanding shares in Compañía Minera Vizcachitas Holding ("CMV"). CMV owns the following interests which comprise the Vizcachitas Property:

1. 51% of the shares of Sociedad Legal Minera San José Uno de Lo Vicuña, El Tártaro y Piguchén de Putaendo ("San José SLM"), a Chilean Sociedad Legal Minera, which is the owner of the San José mining concessions (the "SJ Concessions");
2. 32 mining rights (the "Mining Rights"), of which 8 are existing exploitation mining concessions encircling the SJ Concession, 19 are exploitation mining concessions in process of constitution (exploitation claims) encircling the SJ Concession and 5 are exploration mining concessions in process of constitution (exploration claims) protecting the SJ Concession; and
3. an option agreement to purchase additional exploitation mining concessions (the "Additional Concessions" and together with the SJ Concessions and the Mining Rights, the "Property"), also encircling the SJ Concession.

The Property is located in the province of San Felipe, Region V, Chile, an area of low elevation with excellent infrastructure, including water and power. A.C.A. Howe International Limited described NI43-101 compliant mineral resources for the Property in a technical report dated June 29, 2006. The resource calculation was based on 68 drill holes for a total of 18,300 metres. Results showed an indicated resource of 144 million tonnes grading 0.53% copper and 0.015% molybdenum and an inferred resource of 211 million tonnes grading 0.46% copper and 0.016% molybdenum at a 0.40% copper cutoff.

San José SLM is a Chilean Sociedad Legal Minera (SLM") and on closing of the transaction GHG will own an indirect 51% majority interest in San José SLM. This SLM provides ownership of an important central zone of the existing mineralization of the Vizcachitas property. Chilean legal counsel have advised that a Chilean Sociedad Legal Minera, or SLM, is regulated by the Chilean Mining Code (the "Code"), according to which (i) the administrators of the SLM are appointed in shareholders meetings, and they have the power to administer the SLM, including entering into labour contracts, buying materials necessary for the exploration or exploitation of the mine or processing of the mine's products, paying debts and collecting credits of the SLM and selling ore extracted from the SLM's properties; (ii) all other matters not entrusted by the Code to the administrator are decided in shareholders' meetings, which are presided over by the shareholder with the highest number of shares; (iii) in most cases matters are decided by the majority of the shares, including the determination of the amount of contributions for expenses of maintenance and exploration or exploitation of the concessions (the "Expenses"); and (iv) the shareholders are required to contribute to the payment of the Expenses in proportion to the shares they hold in the SLM.

GHG understands a single Chilean company ("Minority Shareholder") owns the remaining minority 49% of San José SLM. GHG has not yet determined how development of the Property will proceed and understands that the shareholders and principals of the Minority Shareholder do not plan to cooperate with GHG. Nevertheless GHG looks forward to meeting with the shareholders and principals of the Minority Shareholder to determine if a mutually beneficial plan of action may be developed. GHG is advised that the Code provides remedies for resolution of disputes in connection with development plans of such mineral resources.

GHG RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

4. MINERAL PROPERTIES (cont'd...)

The property rights outlined in points 2 and 3 above hold title to the balance of the mineralization, and the surrounding area, part of which hold important potential for expanding or adding to the existing resource at the Property, and at a minimum provide for critical waste stripping and development tenure for the identified resource to date. Initial work programs at the Property will in part focus on testing the potential of these areas to host extensions or additions to the existing mineralization, with a view to further enhancing the economics of the Property.

5. PROMISSORY NOTES PAYABLE

| | December 31, 2006 | September 30, 2006 |
|-------------------------------|----------------------|-----------------------|
| Principal amount | \$ 15,000 | \$ 37,700 |
| Repayments | -- | (15,000) |
| Write-off of accrued interest | -- | (4,413) |
| Accrued interest | 4,790 | 1,200 |
| | <u>\$ 19,790</u> | <u>\$ 19,487</u> |

The promissory notes are payable on demand, are unsecured and bear interest at 10% per annum.

6. RELATED PARTY TRANSACTIONS

There were no related party transactions in the quarter ended December 31, 2006.

GHG RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

| | Number of Shares | Amount | Contributed Surplus |
|--|---------------------|--------------|------------------------|
| Authorized | | | |
| Unlimited common shares without par value | | | |
| Balance as at September 30, 2005 | 10,673,633 | 6,908,207 | 186,847 |
| Private placements | 10,550,000 | 1,571,500 | - |
| Finders' fee | 750,000 | 112,500 | - |
| Share issuance costs | - | (112,500) | - |
| Exercise of warrants | 543,250 | 73,623 | - |
| Exercise of options | 250,000 | 55,758 | (30,758) |
| Stock-based compensation | - | - | 73,819 |
| Balance as at September 30 and December 31, 2006 | 22,766,883 | \$ 8,609,088 | \$ 229,908 |

During the period ended December 31, 2006, the Company, the Company announced a non-brokered private placement comprising of 20,000,000 units at a price of \$0.60 per unit for gross proceeds of \$12,000,000. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of \$1.00 per share for a period of one year from closing. Following the issuance of the securities, if at any time following the expiration of the four month period, the closing price of the Company's shares is at least \$1.25 per share for 10 consecutive trading days, the Company shall have the right to notify the purchasers that the expiry date for the exercise of the Warrants will be shortened to 30 days. A 7% finder's fee is payable in units in connection with the private placement. The Company also announced that the proceeds of the private placement would be used by the Company to finance its obligations to Global Copper Corp. as outlined in the Company's news release dated November 15, 2006.

On February 8, 2007 the Company completed the private placement.

Stock options

Under its stock option plan, the Company is authorized to grant stock options, upon receiving regulatory approval, to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Generally under the plan, stock options vest on grant and have no more than a five year term. The exercise price of the options will be determined by the board of directors but will not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the TSX Venture Exchange to a minimum of \$0.10 per share.

GHG RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

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

Stock Options

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

| | Number of Options | Weighted Average Exercise Price |
|---|-------------------|------------------------------------|
| Outstanding, September 30, 2005 | 420,000 | \$ 0.38 |
| Granted | 600,000 | 0.10 |
| Exercised | <u>(250,000)</u> | 0.10 |
| Outstanding, September 30 and December 31, 2006 | 770,000 | \$ 0.25 |
| Exercisable, September 30 and December 31, 2006 | 770,000 | \$ 0.25 |

At December 31, 2006, the following stock options were outstanding:

| Number of Options | Exercise Price | Expiry Date |
|----------------------|-------------------|-------------------|
| 420,000 | \$0.38 | May 29, 2009 |
| 350,000 | \$0.10 | September 1, 2010 |

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|---|--------------------|------------------------------------|
| Balance, September 30, 2005 | 1,263,250 | \$ 0.21 |
| Issued | 10,550,000 | 0.20 |
| Exercised | (543,250) | 0.14 |
| Expired | <u>(600,000)</u> | 0.30 |
| Balance, September 30 and December 31, 2006 | 10,670,000 | \$ 0.20 |
| Exercisable, September 30 and December 31, 2006 | 10,670,000 | \$ 0.20 |

GHG RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

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

Warrants

At December 31, 2006, the following warrants were outstanding:

| Number of Shares | Exercise Price | Expiry Date |
|---------------------|-------------------|------------------|
| 270,000 | \$0.13 | February 7, 2007 |
| 400,000 | \$0.15 | January 10, 2007 |
| 10,000,000 | \$0.20 | July 5, 2007 |

8. SEGMENTED INFORMATION

Industrial information

The Company has one operating segment, the exploration, development and mining of natural resources. The Company's mining properties are all located in China.

Geographical Information

| | Quarter ended December 31, 2006 | Quarter ended December 31, 2005 |
|---------------------|------------------------------------|------------------------------------|
| Sales | | |
| Canada | \$ - | \$ - |
| China | - | - |
| | \$ - | \$ - |
| Loss for the period | | |
| Canada | \$ (72,744) | \$ (39,414) |
| China | (689,387) | (37,847) |
| | \$ (762,131) | \$ (77,261) |
| | December 31, 2006 | September 30, 2006 |
| Capital assets | | |
| Canada | \$ 2,267 | \$ 2,582 |
| China | 72,453 | 74,672 |
| | \$ 74,720 | \$ 77,254 |

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, advances and receivables, due from related parties, accounts payable and accrued liabilities, promissory notes payable and amounts due to related parties. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

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

As at the date of these financial statements, substantially all of the Company's mining operations are conducted in China, the Company is subject to different considerations and other risks not typically associated with companies in North America. These include risks associated with, among others, the political, economic and legal environments and foreign currency exchange. The Company's results may be adversely affected by changes in the political and social conditions in China, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittances abroad, and rates and methods of taxation, among other things.

10. SUBSEQUENT EVENTS

On February 8, 2007, GHG Resources completed:

1. A private placement of 20,000,000 units, at \$0.60 per unit, for aggregate gross proceeds of \$12,000,000 (Note 7); and
2. The acquisition from Global of all of Global's interest in the Vizcachitas property, (Note 4). Global is listed on the TSX under the symbol *GLQ*.

As consideration for the acquisition, GHG paid US\$10,400,000 and issued to Global 6,280,000 shares and 3,900,000 share purchase warrants in the capital of GHG. Each warrant is exercisable for a period of three years from the date of issuance and entitles Global to acquire one additional share of GHG at a price of \$1.00 per share. A finder's fee of 1,500,000 common shares was paid by GHG in connection with the acquisition.

Each unit issued under the private placement consisted of one common share and one common share purchase warrant exercisable at \$1.00 per share for a period of 12 months. If at any time following the expiration of the four-month hold period the closing price of GHG's shares is at least \$1.25 per share for 10 consecutive trading days, GHG will have the right to notify the purchasers that the expiry date for the exercise of the warrants will be shortened to not less than 30 days. In connection with the private placement, GHG paid aggregate finder's fees of 1,382,383 units, each unit having the same terms and conditions as those sold in the private placement.

All securities issued as referenced above are subject to a four-month hold period expiring June 8, 2007.