
EAST WEST RESOURCE CORPORATION
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
JULY 31, 2008
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of East West Resource Corporation were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the April 30, 2008 audited financial statements. Only changes in accounting policies have been disclosed in these unaudited interim financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements and (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

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; they 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 unaudited interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

EAST WEST RESOURCE CORPORATION
Interim Balance Sheets
Expressed in Canadian Dollars
(Unaudited)

	July 31, 2008	April 30, 2008
Assets		
Current		
Cash	\$ 188,903	\$ 103,612
Short term investment	-	563,000
Amounts receivable	401,244	1,188,423
Prepaid expenses	83,458	5,708
Due from related parties	-	33,174
	673,605	1,893,917
Marketable securities (Note 5)	197,093	38,093
Equipment	67,842	58,208
Mineral properties (Note 6)	8,182,175	7,423,992
	\$ 9,120,715	\$ 9,414,210
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 426,961	\$ 595,351
Due to related parties (Note 8)	329	-
	427,290	595,351
Shareholders' Equity		
Share capital (Note 7(b))	18,809,808	19,191,553
Contributed surplus	2,039,427	2,018,727
Deficit	(12,155,810)	(12,391,421)
	8,693,425	8,818,859
	\$ 9,120,715	\$ 9,414,210

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 12)

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

EAST WEST RESOURCE CORPORATION
Interim Statements of Operations and Comprehensive Income (Loss)
Expressed in Canadian Dollars
(Unaudited)

	Three Months Ended July 31,	
	2008	2007
Expenses		
Amortization	\$ 4,911	\$ 1,613
Consulting	18,475	9,000
Bank charges	853	610
Gain on sale of investments	-	(165,189)
Loss on disposition of mineral property	-	557,142
Interest	(296)	(6,215)
Investor and shareholder communications	3,406	2,399
Legal, accounting and audit	23,249	10,977
Management fees	20,400	7,500
Office, postage and printing	48,407	2,962
Rent and utilities	5,315	3,327
Stock-based compensation (Note 9)	18,400	152,500
Telephone	2,103	1,134
Travel and field supervision	13,202	8,097
Trust and regulatory	556	4,806
Truck	7,353	15,292
Unrealized loss on marketable securities	9,000	-
	175,334	605,955
Net loss for the period before taxes	(175,334)	(605,955)
Future income tax recovery (Note 7(b)(ii))	410,945	-
Net income (loss) and comprehensive income (loss) for the period	\$ 235,611	\$ (605,955)
Net income (loss) per share (Note 11)	\$ 0.00	\$ (0.01)
Weighted average shares outstanding	129,719,508	106,351,169

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

EAST WEST RESOURCE CORPORATION
Interim Statements of Changes in Shareholders' Equity
Expressed in Canadian Dollars
(Unaudited)

	Share capital		Contributed	Deficit	Total
	Shares	Amount	Surplus		Shareholder's
					Equity
Balance, April 30, 2008	129,645,601	\$ 19,191,553	\$ 2,018,727	\$ (12,391,421)	\$ 8,818,859
Net income and comprehensive income for the period	-	-	-	235,611	235,611
Shares issued for mineral properties	350,000	31,500	-	-	31,500
Fair value of warrants issued	-	(2,300)	2,300	-	-
Cost of issue - tax effect of flow-through shares	-	(410,945)	-	-	(410,945)
Stock-based compensation	-	-	18,400	-	18,400
Balance, July 31, 2008	129,995,601	\$ 18,809,808	\$ 2,039,427	\$ (12,155,810)	\$ 8,693,425

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

EAST WEST RESOURCE CORPORATION
Interim Schedule of Mineral Properties
Expressed in Canadian Dollars
(Unaudited)

Three Months Ended
July 31,
2008 2007

Norton Lake Project**

Beginning balance	\$ 736,384	\$ 536,582
Camp accommodations and travel	3,585	3,441
Geological and geophysical	2,657	-
Field office expense	333	68
	6,575	3,509
Ending balance	\$ 742,959	\$ 540,091

Seagull and Disraeli Project**

Beginning balance	\$ 733,098	\$ 724,593
Camp accommodations and travel	142	-
Geological and geophysical	900	-
	1,042	-
Ending balance	\$ 734,140	\$ 724,593

Nighthawk Joint Venture**

Beginning and Ending balance	\$ 239,036	\$ 239,036
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Havoc Project**

Beginning balance	\$ 306,377	\$ 310,024
Camp accommodations and travel	87	147
Field office expense	-	23
Recovery of expenditures	-	(15,000)
	87	(14,830)
Ending balance	\$ 306,464	\$ 295,194

***For a description of these properties, refer to Note 4 of the audited financial statements as at April 30, 2008.*

EAST WEST RESOURCE CORPORATION
Interim Schedule of Mineral Properties
Expressed in Canadian Dollars
(Unaudited)

Three Months Ended
July 31,
2008 2007

Armstrong Project

Beginning balance	\$ -	\$ 560,490
Camp accommodations and travel	4,844	-
Drilling	25,176	-
Geological and geophysical	34,756	-
Field office expense	3,597	-
Sale of mineral property interests	-	(560,490)
	68,373	(560,490)
Ending balance	\$ 68,373	\$ -

Hamlin Project**

Beginning balance	\$ 1,105,477	\$ 1,093,522
Camp accommodations and travel	1,888	61
Geological and geophysical	-	1,337
	1,888	1,398
Ending balance	\$ 1,107,365	\$ 1,094,920

Burchell Project

Beginning and Ending balance	\$ -	\$ 92,818
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Deaty Project**

Beginning balance	\$ 418,413	\$ 424,526
Geological and geophysical	-	1,298
	-	1,298
Ending balance	\$ 418,413	\$ 425,824

***For a description of these properties, refer to Note 4 of the audited financial statements as at April 30, 2008.*

EAST WEST RESOURCE CORPORATION
Interim Schedule of Mineral Properties
Expressed in Canadian Dollars
(Unaudited)

	Three Months Ended July 31,	
	2008	2007
Powell Lake Project**		
Beginning balance	\$ 510,229	\$ 501,229
Camp accommodations and travel	30	-
Field office expense	3,405	-
	3,435	-
Ending balance	\$ 513,664	\$ 501,229
Eva Kitto Project**		
Beginning balance	\$ 110,593	\$ 108,609
Drilling	-	1,947
	-	1,947
Ending balance	\$ 110,593	\$ 110,556
Marshall Lake Project**		
Beginning balance	\$ 1,634,119	\$ 603,893
Acquisition	15,000	40,000
Assay	12,530	14,694
Camp accommodations and travel	36,960	38,774
Communications	13,459	-
Drilling, line-cutting and trenching	549,714	134,003
Geological and geophysical	61,326	211,673
Field office expense	3,404	3,347
General exploration	12,828	-
Recovery of expenditures	(67,275)	(210,000)
	637,946	232,491
Ending balance	\$ 2,272,065	\$ 836,384

***For a description of these properties, refer to Note 4 of the audited financial statements as at April 30, 2008.*

EAST WEST RESOURCE CORPORATION
Interim Schedule of Mineral Properties
Expressed in Canadian Dollars
(Unaudited)

Three Months Ended
July 31,
2008 2007

Ox Lake Exploration Project**

Beginning balance	\$ 614,196	\$ -
Acquisition	500	-
Camp accommodations and travel	1,281	-
Drilling	25,026	-
Geological and geophysical	6,870	-
	33,677	-
Ending balance	\$ 647,873	\$ -

Fishhook Project**

Beginning balance	\$ 341,118	\$ -
Camp accommodations and travel	12,631	-
Drilling	2,769	-
Geological and geophysical	95,348	-
	110,748	-
Ending balance	\$ 451,866	\$ -

Max Exploration Project**

Beginning balance	\$ 334,523	\$ -
Camp accommodations and travel	303	-
Geological and geophysical	23,772	-
Recovery of option payments	(243,000)	-
	(218,925)	-
Ending balance	\$ 115,598	\$ -

GP Project**

Beginning balance	\$ 100,000	\$ -
Geological and geophysical	750	-
	750	-
Ending balance	\$ 100,750	\$ -

***For a description of these properties, refer to Note 4 of the audited financial statements as at April 30, 2008.*

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

EAST WEST RESOURCE CORPORATION
Interim Schedule of Mineral Properties
Expressed in Canadian Dollars
(Unaudited)

Three Months Ended
July 31,
2008 2007

Other

	2008	2007
Beginning balance	\$ 240,429	\$ 338,807
Acquisition	71,312	-
Camp accommodations and travel	9,288	-
Drilling and line-cutting	46,767	-
Geological and geophysical	15,132	5,105
Field office expense	88	101
Recovery of expenditures	(30,000)	-
	112,587	5,206
Ending balance	\$ 353,016	\$ 344,013
Total Mineral Properties, End of Period	\$ 8,182,175	\$ 5,204,658

***For a description of these properties, refer to Note 4 of the audited financial statements as at April 30, 2008.*

EAST WEST RESOURCE CORPORATION
Notes to Interim Financial Statements
Three Months Ended July 31, 2008
Expressed in Canadian Dollars
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

East West Resource Corporation (the "Company") was incorporated in the Province of British Columbia and was continued under the laws of the Province of Ontario on December 11, 2005. Its principal activity is the acquisition and exploration of resource properties. The Company is currently in the exploration stage of developing its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

These unaudited interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and has an accumulated operating deficit of \$12,155,810 at July 31, 2008 (April 30, 2008 - \$12,931,421). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise additional financing.

There can be no assurance that the Company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by Canadian generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended July 31, 2008 may not necessarily be indicative of the results that may be expected for the year ending April 30, 2009.

The balance sheet at April 30, 2008 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for complete financial statements. The interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual financial statements for the year ended April 30, 2008. For further information, refer to the financial statements and notes thereto included in the Company's annual financial statements for the year ended April 30, 2008.

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on May 1, 2008.

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section in Note 3 to these unaudited interim financial statements.

EAST WEST RESOURCE CORPORATION
Notes to Interim Financial Statements
Three Months Ended July 31, 2008
Expressed in Canadian Dollars
(Unaudited)

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in Note 4 to these unaudited interim financial statements.

Amendments to Section 1400, General Standard of Financial Statement Presentation

In June 2007, the CICA amended Handbook Section 1400, Going Concern, to include additional requirements to assess and disclose an entity's ability to continue as a going concern. Section 1400 is effective for interim and annual reporting periods beginning on or after January 1, 2008. The adoption of this standard had no impact on the Company's operating results or financial position.

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of IFRS on its financial statements.

Goodwill and Intangible Assets

In November 2007, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its financial statements.

3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

EAST WEST RESOURCE CORPORATION
Notes to Interim Financial Statements
Three Months Ended July 31, 2008
Expressed in Canadian Dollars
(Unaudited)

3. CAPITAL MANAGEMENT (Continued)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended July 31, 2008. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL RISK FACTORS

The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, amounts receivable and marketable securities. The Company has no significant concentration of credit risk arising from operations. Cash is held with reputable Canadian chartered banks which are closely monitored by management. Financial instruments included in amounts receivable consist of goods and services tax due from the Federal Government of Canada and receivables from joint venture partners. Management believes that the credit risk concentration with respect to financial instruments included in cash, short term investment and amounts receivable is remote.

The Company's marketable securities consist of common shares of Treslow Limited ("Treslow") and Northern Shield Resources Inc. ("Northern") which are subject to fair value fluctuations. Management believes that the credit risk with respect to marketable securities is minimal.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2008, the Company had a cash balance of \$188,903 (April 30, 2008 - \$103,612) to settle current liabilities of \$427,290 (April 30, 2008 - \$595,351). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in certificates of deposit with major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered banks.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is remote.

EAST WEST RESOURCE CORPORATION
Notes to Interim Financial Statements
Three Months Ended July 31, 2008
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(Unaudited)

4. FINANCIAL RISK FACTORS (Continued)

(c) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(d) Mineral Property Risk

The exploration for, and the development of, mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an orebody may result in substantial rewards, few properties that are explored are ultimately developed into producing mines.

Sensitivity Analysis

The Company has, for accounting purposes, designated its cash and marketable securities as held for trading, which are measured at fair value. Amounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value. Accounts payable and accrued liabilities and due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair market value. As of July 31, 2008, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

(i) Interest rate risk is remote since cash does not include certificates of deposit with major Canadian chartered banks.

(ii) The Company's marketable securities are subject to fair value fluctuations. As at July 31, 2008, if the fair value of the marketable securities had decreased/increased by 10% with all other variables held constant, accumulated deficit for the three months ended July 31, 2008 would have been approximately \$19,709 lower/higher.

(iii) The Company does not hold significant cash and payables balances in foreign currencies to give rise to exposure to foreign exchange risk.

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious and base metals. Precious and base metals have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of precious and base metals may be produced in the future, a profitable market will exist for them. A decline in the market price of precious and base metals may also require the Company to reduce its mineral properties, which could have a material and adverse effect on the Company's value. As of July 31, 2008, the Company was not producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants.

EAST WEST RESOURCE CORPORATION
Notes to Interim Financial Statements
Three Months Ended July 31, 2008
Expressed in Canadian Dollars
(Unaudited)

5. MARKETABLE SECURITIES

Marketable securities consist of common shares of Treslow, a private company registered in England and Wales and common shares of Northern, a public company registered in Canada. As at July 31, 2008, the Company owned 1,533 common shares of Treslow recorded at their fair value of \$24.85 per share, or an aggregate of \$38,093. Also, the Company owned 300,000 common shares of Northern recorded at their fair value of \$0.53 per share, or an aggregate of \$159,000. Common shares of Treslow and Northern held by the Company are considered to be held-for-trading and are reported at fair value with any unrealized holding gains and losses included in current net income (loss) for the period in which they arise.

6. MINERAL PROPERTIES

For a description of the mineral properties owned by the Company, refer to Note 4 of the audited financial statements as at April 30, 2008. On a quarterly basis, management of the Company review exploration costs to ensure deferred expenditures include only costs and projects that are eligible for capitalization. Specific changes to mineral properties that occurred from April 30, 2008 to July 31, 2008 are as follows:

(a) **Marshall Lake Project**

The Company and its 50:50 joint venture partner, Eyeconomy Holdings plc ("Eyeconomy"), have staked additional claims resulting in control of 50 square miles contiguous to the existing Marshall Lake claims. The Company has also received acknowledgement from Teck Cominco Limited that the Company has met its expenditure commitment required to earn 100% interests in 3 mining leases on the Marshall Lake property, subject to "Back in Rights".

(b) **Max Exploration Project**

On June 23, 2008, the Company announced that Northern Shield Resources ("Northern") has been granted an option to earn a 50% interest in the companys' 91 square kilometer Max Exploration Project.

The terms of the option agreement consist of an initial payment of \$75,000 (received) and the issue 300,000 shares (received), and an expenditure commitment of \$250,000 in 2008 (\$1.0 million within 2 years). An additional option payment of \$50,000 and issuance of 100,000 shares is to be made within 12 months of the approval by the TSX Venture Exchange. After earning its 50% interest, Northern can increase its interest to 66% with an additional expenditure of \$2.5 million, and the issuance of an additional 250,000 shares.

(c) **PGE Project**

On May 22, 2008, the Company announced that a 608 claim unit, 9,687 hectare property had been optioned by the Company from Cascadia International Resources Inc. ("Cascadia"). The Company may earn a 50% interest by spending \$175,000 by February 28, 2009 and by issuing 100,000 shares (issued) and 100,000 warrants (issued) at \$0.15 per share. The property is located 75km north of the Lac des Iles Mines, in the Thunder Bay area of Ontario.

EAST WEST RESOURCE CORPORATION
Notes to Interim Financial Statements
Three Months Ended July 31, 2008
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6. MINERAL PROPERTIES (Continued)

(d) **Trump Project**

On July 9, 2008, the Company announced that it has entered into a Letter of Intent ("LOI") with Canadian Orebodies Inc. ("Orebodies") to sell an 80% legal and beneficial interest in its "Trump" 96 claim unit property, comprising 1,536 hectares in the James Bay Lowlands near the Norton Lake.

In order to complete the purchase, Orebodies is required to pay to the Company \$10,000 cash, issue to the Company an aggregate amount of 280,000 common shares of Orebodies and to commission a VTEM airborne survey on the property. The Company will hold a 20% carried interest in the property until a Bankable Feasibility study is produced.

(e) **Feeder Project**

On July 23, 2008, the Company announced that it has entered into a Letter of Intent ("LOI") with KWG Resources Inc ("KWG") to grant KWG an option to earn up to a 65% interest in a 12 claim property known as the "Feeder Claims". KWG will issue 2 million shares and pay \$50,000 for the option; it must incur exploration expenditures of \$250,000 in each of 2008 and 2009 to earn 50% and incur an additional \$1.5 million by August 2012 to earn 60%. An additional 5% may be earned in any mineral deposit discovered by KWG providing development and production financing.

(f) **Fishhook Project**

On July 31, 2008, the Company entered into an option agreement with Noront Resources Ltd. ("Noront") in its Fishhook Joint Venture with Temex Resources Corp. ("Temex"), with all three parties signing the agreement. Noront can earn up to 10% interest by paying \$100,000 upon execution of this agreement and by spending \$500,000 in exploration in the first year. Noront can earn up to a 60% interest by making payments totalling \$600,000 and spending \$4.5 million over 3 years.

7. SHARE CAPITAL

(a) **Authorized**

Unlimited number of common shares without par value

(b) **Issued**

	Shares	Amount
Balance, April 30, 2008	129,645,601	\$ 19,191,553
Mineral properties (i) (Note 10(i))	350,000	31,500
Fair value of warrants issued (Note 10(i))	-	(2,300)
Cost of issue - tax effect of flow-through shares (iii)	-	(410,945)
Balance, July 31, 2008	129,995,601	\$ 18,809,808

(i) During the period, the Company issued an aggregate of 250,000 common shares valued at \$22,500 to satisfy the terms of the GP Project option and joint venture agreement.

(ii) On the date that the Company renounces the tax credits associated with expenditures from flow-through proceeds, the Company recognizes the future tax liability and reduces shareholders' equity accordingly. The Company then offsets the future income tax liability against unrecognized future income tax assets if certain criteria are met. As a result, the Company has recorded a \$410,945 future income tax recovery for the period ended July 31, 2008.

EAST WEST RESOURCE CORPORATION
Notes to Interim Financial Statements
Three Months Ended July 31, 2008
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8. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and are recorded at fair value as determined by management.

The Company's exploration manager was paid management fees for the three months ended July 31, 2008 in the amount of \$7,500 (three months ended July 31, 2007 - \$7,500), \$23,300 in geological fees (three months ended July 31, 2007 - \$9,038), and \$33,065 (three months ended July 31, 2007 - \$50,527) in other miscellaneous fees incurred on behalf of the company. At July 31, 2008, the Company owes \$329 (July 31, 2007 - \$17,057).

The Company's President and CEO was paid management fees for the three months ended July 31, 2008 in the amount of \$17,100 (three months ended July 31, 2007 - \$Nil), \$5,400 in geological fees (three months ended July 31, 2007 - \$Nil), and \$12,796 (three months ended July 31, 2007 - \$Nil) in other miscellaneous fees incurred on behalf of the company.

9. STOCK OPTIONS

The following table reflects the continuity of stock options granted under the Company's stock option plan.

	Number of Options	Weighted Average Exercise Price \$
Balance, April 30, 2008	12,684,560	0.14
Options granted (i)	200,000	0.15
Balance, July 31, 2008	12,884,560	0.14

(i) On June 24, 2008, 200,000 stock options were granted to a consultant of the company. The options are exercisable at \$0.15 and expire within a period of 5 years. The fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; risk-free interest rate of 3.52%; expected life of five years; and volatility of 126.8%. The stock options vest immediately. The impact on earnings was \$18,400.

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10. WARRANTS

As of July 31, 2008, the following warrants were outstanding:

Expiry Date	Exercise Price	April 30, 2008 Balance	Issued	July 31, 2008 Balance
December 15, 2008	\$0.13	250,000	-	250,000
June 3, 2009 (i)	\$0.15	-	100,000	100,000
December 6, 2009	\$0.17	13,333,334	-	13,342,334
December 6, 2009	\$0.22	1,470,588	-	1,479,588
December 6, 2009	\$0.15	1,627,451	-	1,795,451
		16,681,373	100,000	16,967,373

- (i) On June 3, 2008, the Company issued an aggregate of 100,000 units valued at \$9,000 to satisfy the terms of the PGE Project option agreement. Each unit consisted of one common share of the Company and one common share purchase warrant. Each common share purchase warrant is exercisable for one common share of the Company at a price of \$0.15 per share for a period of 12 months.

The fair value of the common share purchase warrant was determined to be \$2,300 at the date of grant and was estimated using the Black Scholes pricing model based on the following assumptions: expected dividend yield of 0%; risk-free interest of 2.83%; expected life of one year; and volatility of 102.1%.

11. INCOME (LOSS) PER SHARE

Basic income (loss) per share is computed by dividing the income (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is not presented as it is anti-dilutive to the income (loss) per share figures.

12. SUBSEQUENT EVENTS

- (a) On September 2, 2008, the Company and partner Temex Resources Corp. ("Temex") announced that they had entered into an Option and Joint Venture Agreement with Mill City Gold Corp. ("Mill City") whereby Mill City can earn a 50% interest in the GP2 Property in the Noront-McFaulds Lake area. Mill City can earn a 50% interest in the GPE Property by issuing an aggregate of 1,000,000 shares to the Company and Temex, of which 750,000 are due on signing, and by spending an aggregate of \$5 million in exploration on the property over three years. Once Mill City has exercised the option to earn a 50% interest, Temex has the option to participate in the Joint Venture at 25% interest or to revert to a 7.5% interest carried to production.
- (b) On September 10, 2008, the Company announced that is had entered into letters of intent with Gee-Ten Ventures Inc. ("Gee-Ten") and Temex whereby Gee-Ten may earn the right to acquire up to 65% interest in the 208 claim unit North Trap property in the Norton-McFaulds Lake Area in the James Bay Lowlands. The terms of the agreement call for Gee-Ten to make cash payments of \$50,000 and share issuances of 50,000 per year for the next four years and spend \$600,000 within 12 months of signing and \$3.0 million over the next three years to earn a 50% interest in the property. Thereafter, a joint venture will be formed to develop the property by Gee-Ten will have the exclusive option to earn another 10% property interest by spending and additional \$1.0 million and an additional 5% for preparing a Feasibility study.

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12. SUBSEQUENT EVENTS (Continued)

- (c) On September 16, 2008, the Company announced that its 618 claim unit Ox property, located 60km east of the Norton nickel-copper-PGE-Co deposit, has been optioned to Gee-Ten Ventures Inc. ("Gee-Ten"), whereby Gee-Ten may earn a 50% interest by making an initial \$150,000 payment, issuing 200,000 shares and spending \$3.0 million over 3 years.