

LORRAINE COPPER CORP.

(An Exploration Stage Company)

INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MAY 31, 2008

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(1), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice that the financial statements have not been reviewed by an auditor.

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

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

LORRAINE COPPER CORP.

Statement of Loss and Comprehensive Loss and Statement of Deficit
Unaudited – Prepared by Management

	Three Months ended May 31, 2008
EXPENSES	
Consulting	\$ 1,875
Dues and licenses	587
Interest expense and bank charges	84
Investor relations	2,572
Legal and audit	-
Office	1,045
Rent	3,375
Salaries and benefits	3,092
Share-based compensation (Note 5)	197,000
Telephone	535
Transfer and filing fees	<u>27,170</u>
Loss before the following	237,335
OTHER INCOME	
Interest income	<u>(48)</u>
NET LOSS AND COMPREHENSIVE LOSS	\$ <u>237,287</u>
BASIC AND FULLY DILUTED LOSS PER SHARE	\$ <u>0.014</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	<u>16,956,524</u>
DEFICIT, BEGINNING OF PERIOD	\$ 45,796
Net Loss	<u>237,287</u>
DEFICIT, END OF PERIOD	\$ <u>283,083</u>

LORRAINE COPPER CORP.

Balance Sheets
Unaudited – Prepared by Management

	May 31, 2008	Feb 29, 2008
ASSETS		
Current		
Cash	\$ 227,959	\$ 4,965
Accounts receivable	<u>2,274</u>	<u>472</u>
	230,233	5,437
Mineral Property Interests (Note 5)	8,010	7,330
Equipment	<u>94</u>	<u>67</u>
	<u>\$ 238,337</u>	<u>\$ 12,834</u>
LIABILITIES		
Current		
Accounts Payable and accrued liabilities	\$ 24,420	\$ 18,540
Advances from Eastfield Resources Ltd. (Notes 1, 4 & 7)	(1)	22,589
Advances from Lysander Minerals Corp. (Notes 1, 4 & 7)	<u>(1)</u>	<u>17,499</u>
	24,418	58,628
SHAREHOLDERS' EQUITY		
Share Capital	2	2
Reorganization Contribution	300,000	-
Contributed Surplus	197,000	-
Deficit	<u>(283,083)</u>	<u>(45,796)</u>
	<u>\$ 238,337</u>	<u>\$ 12,834</u>

Approved by the Board

“D.D. Sharp” **Director**

“G.L. Garratt” **Director**

LORRAINE COPPER CORP.

Statement of Cash Flows
Unaudited – Prepared by Management

	Three months ended May 31, 2008
Cash provided by (used in)	
Operating activities	
Net loss	\$ (237,287)
Changes in non-cash working capital components	
Accounts Receivable	(6,711)
Accounts payable and accrued liabilities	(29,302)
Share-based compensation	<u>197,000</u>
	<u>(76,300)</u>
Investing Activities	
Purchase of equipment	(26)
Mineral property exploration expenditures	<u>(680)</u>
	<u>(706)</u>
Financing Activities	
Shares issued for cash	2
Advances by Eastfield Resources Ltd. and Lysander Minerals Corporation	<u>298,998</u>
	<u>300,000</u>
INCREASE IN CASH	222,994
CASH, BEGINNING OF PERIOD	<u>4,965</u>
CASH, END OF PERIOD	<u>\$ 227,959</u>

LORRAINE COPPER CORP.

Statement of Mineral Property Expenditures
Unaudited – Prepared by Management

**Three months
ended
May 31, 2008**

LORRAINE-JAJAY PROJECT

Exploration Expenditures

Professional fees, field crews	680
Geological	-
Rental of Vehicles and equipment	-
Transportation and Fuel	-
Field Equipment	-
Communications	-
Food and Accommodation	-
Freight	-
Drilling	-
Assaying	-
Other	-
Total Expenditures for the period	680
Balance, beginning of the period	7,330
Written off during the period	-
MINERAL PROPERTY INTERESTS, END OF PERIOD	<u>\$ 8,010</u>

LORRAINE COPPER CORP.

Notes to the Financial Statements

May 31, 2008

1. OPERATIONS

Lorraine Copper Corp. (the "Company") was incorporated in the Province of British Columbia on October 23, 2007. Its principal business activities are the acquisition and exploration of gold, copper and other precious and base metal properties.

The Company entered into a plan of arrangement with Eastfield Resources Ltd. ("Eastfield") and Lysander Minerals Corporation ("Lysander"). Pursuant to the arrangement, on April 8, 2008 40,000,000 common shares of the Company were exchanged for reorganization shares of Eastfield and Lysander, which were then redeemed and cancelled by Eastfield and Lysander in exchange for \$300,000 in cash and the Lorraine-Jajay mineral property, recorded at its carrying value to Eastfield and Lysander of \$ 5,113,319.

As a result of this plan of arrangement, holders of common shares of Eastfield and Lysander now hold common shares of the Company.

In addition, when outstanding share purchase warrants issued by Eastfield and Lysander prior to October 23, 2007 are exercised, the Company will receive 40 per cent of the proceeds and issue an equal number of shares as Eastfield and Lysander to the warrant holders.

These financial statements have been prepared on the basis that the Company is a going concern, which presumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on obtaining additional financing through the issue of treasury shares and from loans, and on meeting the requirements, from time to time, of any lenders. These financial statements do not reflect any adjustments or reclassifications which would be necessary if the Company was unable to continue operations.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant policies:

Financial Assets and Liabilities

The Company's financial assets and financial liabilities are classified as follows:

- Accounts receivable are classified as "loans and receivables" and are measured at amortized cost. The recorded amount approximates fair value as at May 31, 2008.
- Accounts payable and accrued liabilities and payables to related parties are classified as "other financial liabilities" and are measured at amortized cost. The recorded amounts approximate fair value as at May 31, 2008.

Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability are added to the carrying amount of the financial asset or financial liability, and are amortized to operations using the effective interest rate method.

Comprehensive Income

Comprehensive income is composed of the Company's excess of revenue over expenses and other comprehensive income. Other comprehensive income represents changes in net assets during a period arising from non-owner sources and, for the Company, would principally include unrealized gains and losses on available for sale financial assets. As the Company does not hold any available for sale financial assets, there is no balance of accumulated other comprehensive income.

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Notes to the Financial Statements

May 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral Property Interests

The Company is currently in the exploration stage and accounts for its mineral properties, whereby costs relative to the acquisition of, exploration for and development of these properties are capitalized by property. All sales and option proceeds received are first credited against the costs of the related property, with any excess credited to operations. No gains or losses are recognized on the partial sale or dispositions of properties except in circumstances which result in significant disposition of reserves. Once commercial production has commenced, these net costs are charged to future operations using the unit-of-production method based on estimated recoverable reserves by property. The net costs related to abandoned properties are charged to operations.

The Company reviews the carrying values of its mineral properties whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and undiscounted net cash flows. An impairment loss is recognized when the carrying value of those assets is not recoverable and exceeds their estimated fair value.

Future Reclamation Costs

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. The Company conducts its operations so as to protect public health and the environment, and believes its operations are materially in compliance with all applicable laws and regulations. The Company recognizes liabilities for statutory, contractual or legal obligations associated with the reclamation of mineral property interests, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of the related asset and is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation.

Equipment

Equipment is recorded at cost. Amortization is recorded using the declining balance method at the following annual rate:

Computer software	50%
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Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Using this method, future income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements of the Company and their respective tax bases, using enacted or substantially enacted income tax rates. The effect of a change in income tax rates on future tax assets and liabilities is recognized in operations in the period in which the change occurs. A future income tax asset is recognized when the probability of realization of the asset is more likely than not.

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Notes to the Financial Statements

May 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based Compensation

The Company grants options to purchase shares under the terms described in Note 5.

When options to purchase shares are granted to directors, officers and employees, the fair value of the options on the date of the grant is recognized as compensation expense, with a corresponding increase in contributed surplus, over the period during which the related options vest. When options to purchase shares are granted to non-employees in return for goods or services, the fair value of the options is recognized as an expense, with a corresponding increase in contributed surplus, in the period in which the goods or services are received or are expected to be received.

The consideration received on the exercise of options is credited to share capital. When options are exercised, the previously recorded compensation related to the options is transferred from contributed surplus to share capital to fully reflect the consideration for the shares issued.

Income Recognition

Interest from cash is recorded on an accrual basis when collection is reasonably assured.

Loss per Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share purchase options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. For this purpose, the "treasury stock method" is used for the assumed proceeds upon the exercise of share purchase options and warrants that are used to purchase common shares at the average market price during the period.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant estimates used in these financial statements include, amongst others, the recoverability of accounts receivable and the estimated future operating results and net cash flows from mineral properties.

3. MINERAL PROPERTY INTERESTS

Lorraine-Jajay Project, Omineca Mining Division, British Columbia

The Company has acquired the Lorraine-Jajay mineral property through the plan of arrangement with Eastfield and Lysander (Note 1). This property is subject to an option agreement with Teck Cominco Limited ("Teck"). Teck may earn a 51% joint venture interest in the property by completing \$9,000,000 of exploration expenditures by December 31, 2010 (minimum expenditure rate of \$1,500,000 annually). Teck may increase its interest to 60% by completing a feasibility study on the property and may further increase its interest to 65% by arranging or providing production financing.

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Notes to the Financial Statements

May 31, 2008

4. RELATED PARTY TRANSACTIONS

During the period ended May 31, 2008, geological services totaling \$680 were provided to the Company by Mincord Exploration Consultants Ltd. ("Mincord"), a geological service company owned by two directors of the Company. Mincord's relationship with the Company is non-exclusive and without retainer, and is used on a project by project basis. Services provided include the hiring of field and professional personnel, rental of vehicular, camp and technical equipment, transportation and mobilization costs. At May 31, 2008 \$680, included in accounts payable, was payable to Mincord.

In the normal course of business, the Company enters into transactions with related companies for the use of equipment, services and rental of office space. The Company is related to Eastfield (Note 1) through directors in common. Amounts payable for rent, salaries, telephone, office, consulting, convention and travel costs to Eastfield amounted to \$8,769 for the period ended May 31, 2008.

The Company is also related to Lysander (Note 1) through directors in common. The advances from Eastfield and Lysander bear no interest and have no terms of repayment.

These transactions were measured at the exchange amounts agreed to by the parties.

5. SHARE CAPITAL

Authorized

Unlimited common shares without par value

Issued and fully paid common shares	Number of Shares	Amount
Issued for cash	2	\$ 2
Balance, May 31, 2008	2	\$ 2

On completion of the plan of arrangement with Eastfield Resources Ltd. and Lysander Minerals Corporation on April 16, 2008 the Company issued 40,000,000 common shares, half to each of Eastfield and Lysander, which shares were subsequently distributed pro rata to their shareholders.

Share Purchase Options

The Company grants options to directors, officers and employees of the Company, and persons who provide ongoing services to the Company, under an incentive stock option plan. Under the plan, the Company will reserved up to 10% of the issued and outstanding shares for the issue of options. Options will normally vest at the date of grant for directors, officers and employees, and at the rate of 25% on the date of the grant and 25% every three months thereafter for consultants. Options will expire no later than five years from the grant date, except that they will expire within thirty days when the holder is no longer qualified to hold the option (other than for cause, when the option will expire immediately).

On May 26, 2008 the Company granted 2,625,000 options, with an expiry date of May 26, 2013 and an exercise price of \$0.15 per share, to directors, officers and employees.

The Company has estimated the fair value of the options granted during a year (based on the Black-Scholes model) at \$197,000. All of the options granted in the quarter ended May 31, 2008 were immediately vested.

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Notes to the Financial Statements

May 31, 2008

5. SHARE CAPITAL (continued)

Warrants

Following the completion of the plan of arrangement with Eastfield and Lysander (Note 7) on April 16, 2008, the Company granted 750,000 warrants for the purchase of common shares, at an exercise price of \$0.09 per share and expiring August 9, 2008, and 250,000 warrants for the purchase of common shares at an exercise price of \$0.16 per share and expiring March 9, 2009.

Contributed Surplus

The total compensation expense and contributed surplus included in these financial statements for vested options granted to directors, officers and employees is:

Share-based compensation expense	\$ 197,000
Balance, May 31, 2008	\$ 197,000

6. INCOME TAXES

The Company's future income tax assets and liabilities are composed of the following items:

Future income tax assets (liabilities) arising from:	
Losses deductible against future taxable income	\$ 12,690
Future income tax assets (liabilities)	12,690
Valuation allowance	(12,690)
Net future income tax assets (liabilities)	-

The reconciliation of the provision for income taxes for the period is:

Loss before income taxes	\$ 40,287
Statutory federal and provincial income tax rates	31.5%
Recovery of income taxes based on statutory income tax rates	12,690
Increase (decrease):	
Effect of current period losses not recognized	(12,690)
Provision for income taxes	\$ -

As at May 31, 2008, the Company has losses of approximately \$86,000 available for deduction against future years' taxable income. If unused, these losses will expire in twenty years.

The future benefits which may arise from these losses have not been recorded in these financial statements.