

AVION RESOURCES CORP.

(Formerly Argent Mining Corp.)
(A Development Stage Company)

Annual Financial Statements
For the years ended
November 30, 2007 and 2006

AUDITED



McGovern, Hurley, Cunningham, LLP
Chartered Accountants

AUDITORS' REPORT

To the Shareholders of
Avion Resources Corp.
(Formerly Argent Mining Corp.)
(A Development Stage Company)

We have audited the balance sheet of Avion Resources Corp. (Formerly Argent Mining Corp.) (*A Development Stage Company*) as at November 30, 2007 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements of the Company as at and for the year ended November 30, 2006 were audited by other auditors who expressed an opinion without reservation in their report dated January 11, 2007.

McGOVERN, HURLEY, CUNNINGHAM LLP

A handwritten signature in cursive script that reads 'McGovern, Hurley, Cunningham, LLP'.

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
February 19, 2008,
except for Note 17, which
is at March 19, 2008

AVION RESOURCES CORP.

(Formerly Argent Mining Corp.)

(A Development Stage Company)

Balance Sheets

As at

	2007	2006
ASSETS		
Current		
Cash	\$ 956,861	\$ 49,331
Subscription receivable	562,000	-
Amounts receivable	34,564	1,534
	1,553,425	50,865
Investments (Note 5)	140,001	140,001
Deposits and advances	150,000	-
Interest in mineral properties (Note 6)	234,177	613,542
Reclamation bond	3,000	3,000
	\$ 2,080,603	\$ 807,408

LIABILITIES

Current

Accounts payables and accrued liabilities	\$ 327,615	\$ 108,072
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Commitments and contingencies (Notes 2, 6 and 13)

SHAREHOLDERS' EQUITY

Capital stock (Note 8)	9,448,760	8,779,090
Warrants (Note 9)	730,000	-
Contributed surplus (Note 11)	829,900	339,800
Deficit	(9,255,672)	(8,419,554)
	1,752,988	669,336
	\$ 2,080,603	\$807,408

APPROVED ON BEHALF OF THE BOARD:

"Rene Bharti" _____, Director

"Scott Moore" _____, Director

AVION RESOURCES CORP.

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Statements of Operations and Deficit

For the years ended November 30, 2007 and 2006

	2007	2006
Expenses		
Consulting and management fees	\$ 92,600	\$ 45,199
Travel expenses	60,901	-
Professional fees	24,852	46,996
Office expenses	16,852	25,049
Transfer agent and filing fees	16,590	24,314
Shareholder communications and investor relations	15,816	5,176
Amortization	-	48
	227,611	146,782
Loss for the period before the undernoted:	(227,611)	(146,782)
Interest earned	4,170	1,969
Recovery of expenditures	16,811	-
Write off of property expenditures (Note 6)	(701,052)	-
Write off of equipment	-	(272)
(Loss) before income taxes	(907,682)	(145,085)
Future income tax recovery (Note 14)	71,564	160,819
Net (loss) income for the year	(836,118)	15,734
Deficit, beginning of year	\$ (8,419,554)	\$ (8,435,288)
Deficit, end of year	\$ (9,255,672)	\$ (8,419,554)
Basic and diluted net (loss) income per share	\$ (0.15)	\$ 0.01
Weighted average number of shares outstanding - basic and diluted	5,452,233	3,709,648

AVION RESOURCES CORP.

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Statements of Cash Flows

For the years ended November 30, 2007 and 2006

	2007	2006
Cash flows provided by (used in)		
Operating activities		
Net (loss) income for the period	\$ (836,118)	\$ 15,734
Changes not affecting cash:		
Amortization	-	48
Write off of properties	701,052	272
Future income tax recovery	(71,564)	(160,819)
Net change in non-cash working capital items	(23,891)	20,970
	(230,521)	(123,795)
Financing activities		
Private placements, net of issuance costs	1,961,334	443,246
Increase in subscription receivable	(562,000)	-
Increase/(decrease) in due to related parties	-	(16,794)
	1,399,334	426,452
Investing activities		
Interest in mineral property	(321,687)	(282,881)
Change in exploration accounts payable	210,404	12,344
(Increase) in exploration deposits and advances	(150,000)	-
Proceeds from sale of assets	-	10,000
Reclamation bond	-	(3,000)
	(261,283)	(263,537)
Change in cash during the year	907,530	39,120
Cash, beginning of year	49,331	10,211
Cash, end of year	\$ 956,861	\$ 49,331

SUPPLEMENTARY INFORMATION:

Shares issued to settle debt	\$ -	\$ 35,316
Shares issued for property acquisition	\$ -	\$ 9,300
Shares received from sale of asset	\$ -	\$ 140,000
Income taxes paid	\$ -	\$ -

AVION RESOURCES CORP.

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Notes to the Financial Statements

November 30, 2007 and 2006

1. NATURE OF OPERATIONS

Avion Resources Corp. (the "Company") is a development stage company and is primarily engaged in the acquisition, exploration and development of mineral properties located in Canada and Africa. During the year, the Company changed its name from Argent Mining Corp. to Avion Resources Corp. and consolidated its outstanding common shares on the basis of three old shares for one new share. Also, during the previous fiscal year, the Company changed its name from Argent Resources Ltd. to Argent Mining Corp. and consolidated its outstanding common shares on the basis of three old shares for one new share. All common shares, options and warrants and per share amounts have been restated to give retroactive effect to the 3:1 consolidation that took place on June 21, 2007 and the share consolidation that took place on April 7, 2006.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material writedowns of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory requirements.

2. CONTINUING OPERATIONS

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which assume that the Company will realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. Realization values may be substantially different from the carrying values as shown in the financial statements should the Company be unable to continue as a going concern.

The Company's ability to meet its obligations and maintain operations is contingent upon additional financing arrangements and the support of its creditors.

Funding for operations is obtained primarily through public and private share offerings. Future operations are dependent upon the Company's ability to finance expenditure requirements and upon the achievement of profitable operations. These financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

Continued...

AVION RESOURCES CORP.

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Notes to the Financial Statements

November 30, 2007 and 2006

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year. Outlined below are those policies considered particularly significant.

a) Investments

Securities which are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the balance sheet date or the closing price on the last day the security traded if there were no trades at the balance sheet date. Securities in privately-held companies are recorded at cost unless an upward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated, professional investor at a transaction price higher than the Company's carrying value. Downward adjustments to carrying values are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition. The Company has classified its investments as held-for-trading.

b) Interest in mineral properties

Interest in mineral properties are carried at cost until they are brought into production, at which time they are depleted on a unit of production method based on proven and probable reserves. If a property is subsequently determined to be significantly impaired in value, the property and related deferred costs are written down to their net realizable value. Other general exploration expenses are charged to operations as incurred. Where a property is abandoned, the accumulated acquisition and deferred costs relating to that property are written off to operations.

The Company reviews its properties to determine if events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The recoverability of costs incurred on the properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. An impairment loss is recognized when the carrying amount of the properties is not recoverable and exceeds its fair value. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near term could require a change in the determination of the need for and amount of any write down.

c) Asset retirement obligations

Asset retirement obligations include the costs related to the abandonment of exploration properties, dismantling and removing tangible equipment such as milling facilities and returning the land to its original condition. The Company recognizes an asset retirement obligation ("ARO") in the period in which it is identified and a reasonable estimate of the fair value can be made. Fair value is estimated based on the present value of the estimated future cash outflows to abandon the asset, discounted at the Company's credit-adjusted risk-free interest rate. The fair value of the estimated ARO is recorded as a long-term liability with a corresponding amount capitalized to exploration properties. The amount capitalized is charged to earnings through the depletion and depreciation of exploration properties. The ARO liability is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings. Revisions to the original estimated cost or the timing of the cash outflows may result in a change to the ARO. Actual costs incurred to settle the ARO reduce the long-term liability. Management is not currently aware of any significant asset retirement obligations of the Company.

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Notes to the Financial Statements

November 30, 2007 and 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted number of shares outstanding. Diluted earnings (loss) per share is calculated using the treasury stock method. In order to determine diluted earnings (loss) per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted earnings (loss) per share calculation. The diluted earnings (loss) per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

e) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock-based compensation, warrants and income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

f) Stock-based compensation

The Company records compensation cost based on the fair value method of accounting for stock based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as compensation expense and contributed surplus. When options are exercised, the proceeds received, together with any related amount in contributed surplus, will be credited to share capital.

g) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the consolidated financial statement carrying values and the income tax bases of assets and liabilities, and are measured using the substantively enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

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Notes to the Financial Statements

November 30, 2007 and 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Flow-through financing

The Company has financed a portion of its exploration activities through the issue of flow through shares, which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issuance of such shares have been credited to capital stock and the related exploration costs have been charged to interest in mineral properties.

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciation will reduce share capital.

i) Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

4. NEW ACCOUNTING PRONOUNCEMENTS

(a) Changes in accounting policies

On December 1, 2006, the Company adopted the Canadian Institute of Chartered Accountant ("CICA") Handbook Sections 1530, *Comprehensive Income*; Section 3251, *Equity*; Section 3855, *Financial Instruments - Recognition and Measurement*; Section 3861, *Financial Instruments - Disclosure and Presentation*; and Section 3865, *Hedges*. These new standards resulted in no changes to amounts previously reported.

(i) Financial Instruments

Under the new standards, financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period, unless the instrument is a cash flow hedge and hedge accounting applies, in which case changes in fair value are recognized in other comprehensive income.

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4. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

(a) Changes in accounting policies (continued)

(ii) Comprehensive Income

Section 1530 establishes standards for reporting and presenting comprehensive income. Comprehensive income, composed of net income and other comprehensive income, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income for the Company includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive income are disclosed in the statement of operations and comprehensive income. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income ("AOCI") which is presented as a new category in shareholders' equity. At November 30, 2007, there is no effect on the Company's Financial Statements of adopting this standard and therefore no Statement of Comprehensive Income has been included in these Financial Statements.

(iii) Hedging

Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. As at and during the year ended November 30, 2007, the Company had no hedges.

(b) Future accounting changes

Capital Disclosures

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.

Financial Instruments - Disclosures and Presentation

The new 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 a company manages those risks. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company continues to monitor and assess the impact of convergence of Canada GAAP and IFRS.

Continued...

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Notes to the Financial Statements

November 30, 2007 and 2006

5. INVESTMENTS

Investments, carried at estimated fair market value, are comprised of the following:

	2007	2006
	\$	\$
Global Immune Technologies, Inc. - (2,000,000 shares)	\$1	\$1
Yellowhead Mining Inc. (100,000 shares)	140,000	140,000
	140,001	140,001

The Company owns 2,000,000 restricted common shares of Global Immune Technologies Inc. (formerly Secureview Systems Inc.). The Company previously wrote down the investment to a value of \$1 to reflect impairment in value. Management estimates that the fair market value of this investment approximates its carrying value.

The Company received 100,000 common shares of Yellowhead Mining Inc. ("Yellowhead") with a value of \$1.40 per share as part proceeds from the sale of its 100% interest in the Harper Creek claims. If after Yellowhead has become listed on a stock market, and the fair market value of the shares held by the Company are below \$140,000, then Yellowhead will pay to the Company the difference in cash. Consequently, the fair value of this investment is estimated to be \$140,000. Yellowhead has not yet become listed on a stock market.

Continued...

AVION RESOURCES CORP.

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Notes to the Financial Statements

November 30, 2007 and 2006

6. INTEREST IN MINERAL PROPERTIES

Description	Dundonald	Ethiopia	Iron Lake	Other	Total
Acquisition Costs					
Balance, November 30, 2006	-	-	111,067	-	111,067
Acquisition and property costs	3,500	2,974	56,993	-	63,467
Balance, November 30, 2007	3,500	2,974	168,060	-	174,534
Exploration Expenditures					
Balance, November 30, 2006	-	-	502,475	-	502,475
Drilling	87,876	-	-	-	87,876
Geophysics	5,000	-	-	-	5,000
Salaries and consulting fees	3,652	73,940	21,633	18,570	117,795
Travel and transportation	1,021	3,107	1,112	15,737	20,977
Field and office support	700	16,876	7,772	1,224	26,572
Incurred to date	98,249	93,923	532,992	35,531	760,695
Write off	-	-	(701,052)	-	(701,052)
Balance, November 30, 2007	98,249	93,923	(168,060)	35,531	59,643
TOTAL DEFERRED COSTS, NOVEMBER 30, 2007	101,749	96,897	-	35,531	234,177

Description	Dundonald	Ethiopia	Iron Lake	Other	Total
Acquisition Costs					
Balance, November 30, 2005	-	-	76,767	-	76,767
Acquisition and property costs	-	-	34,300	-	87,876
Balance, November 30, 2006	-	-	111,067	-	111,067
Exploration Expenditures					
Balance, November 30, 2005	-	-	232,250	-	232,250
Drilling	-	-	94,784	-	94,784
Assaying	-	-	3,858	-	3,858
Geophysics	-	-	34,646	-	34,646
Geology	-	-	4,920	-	4,920
Salaries and consulting fees	-	-	73,410	-	73,410
Travel and transportation	-	-	116	-	116
Field and office support	-	-	58,491	-	58,491
Balance, November 30, 2006	-	-	502,475	-	502,475
TOTAL DEFERRED COSTS, NOVEMBER 30, 2006	-	-	613,542	-	613,542

Continued...

AVION RESOURCES CORP.

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Notes to the Financial Statements

November 30, 2007 and 2006

6. INTEREST IN MINERAL PROPERTIES (Continued)

Iron Lake, British Columbia

The Company held an option from Eastfield Resources Ltd. ("Eastfield") whereby the Company could earn a 55% interest in the Iron Lake Claims in British Columbia.

Subsequent to the November 30, 2007, the Company decided to no longer pursue this option. Consequently, as at December 31, 2007, the Company wrote off all deferred costs associated with this property, amounting to \$701,052.

Dundonald Property, Timmins, Ontario

In November 2007, the Company entered into negotiations to acquire a 75% interest in the Dundonald property in Timmins, Ontario. The agreement was finalized subsequent to November 30, 2007. In order to acquire this interest, the Company assumed an interest in an existing agreement for the payment of \$250,000 and awarding a 2% NSR in favour of the assigning company. The 2% NSR is to be paid solely from the Company's interest in the property. The agreement assumed requires the following option payments and exploration expenditures be made:

Option payments:

- Make a cash payment of \$75,000 and issue 214,285 common shares upon regulatory approval of the agreement;
- Make a cash payment of \$250,000 and issue common shares with a market value of \$250,000 on or before the first anniversary of receiving regulatory approval; and
- Make a cash payment of \$500,000 and issue common shares with a market value of \$500,000 on or before each of the second, third and fourth anniversaries of receiving regulatory approval.

Exploration expenditures:

- \$500,000 in expenditures prior to the first anniversary of receipt of regulatory approval; and
- an additional \$4,000,000 in expenditures prior to the fourth anniversary of receipt of regulatory approval.

The agreement assumed also provides the optioning party with a back in right to retain a 51% interest in the property, as well as an option to sell its remaining 25% interest to the Company for \$5,000,000, under certain conditions.

Ethiopia, Africa

In November 2007, the Company entered into negotiations with Aberdeen International Inc. ("Aberdeen") to acquire Aberdeen's rights, titles, interest and obligations, including a 2% NSR obligation, pursuant to an agreement between Aberdeen International and Ethio-Gibe Canada Mining PLC ("Ethio-Gibe"). In order to acquire these rights and interest, the Company will make the following payments to Aberdeen, in either cash or shares of the Company as mutually agreed upon:

- \$250,000 upon receipt of regulatory approval (paid in cash subsequent to November 30, 2007);
- an additional \$750,000 on or before June 30, 2008; and
- an additional \$1,000,000 on or before December 31, 2008

As well, the Company will grant to Aberdeen a 1.5% Royalty and issue Aberdeen 1,500,000 share purchase warrants exercisable at \$0.48 for 18 months. Certain directors and/or officers of the Company are also directors and/or officers of Aberdeen.

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6. INTEREST IN MINERAL PROPERTIES (Continued)

The agreement with Ethio-Gibe provides an option to obtain 100% of the exclusive rights granted by the Ministry of Mineral Energy of Ethiopia to Ethio-Gibe on certain Gold-Copper-Zinc exploration concessions in Ethiopia, subject to a 2% net smelter return royalty ("NSR") to be held by Ethio-Gibe. The agreement provided Aberdeen with an option to purchase 50% of the NSR for \$1,000,000 in cash or in shares of the Company.

Under the terms of the agreement, the following consideration is to be provided to Ethio-Gibe:

- payment of \$200,000 in cash and issuance of 500,000 shares of the Company on or before April 25, 2007; (paid)
- payment of \$250,000 and issuance of 250,000 shares of the Company on or before each of December 31, 2007, December 31, 2008 and December 31, 2009;
- payment of \$500,000 on each of December 31, 2010 and December 31, 2011, payable in cash or shares of the Company at the Company's option; and
- expend a minimum of \$2,000,000 on property exploration.

7. SHORT-TERM LOANS

During 2007, a director of the Company and an individual related to a director of the Company advanced \$200,000 in short term, non-interest bearing loans. These loans were repaid upon completion of the private placement in October 2007.

8. CAPITAL STOCK

- Authorized - unlimited number of common shares
- Issued

Common shares	Number of Shares	Amount
Balance, November 30, 2005	3,085,852	\$ 8,452,047
Private placement - flow through (ii)	250,000	112,500
Private placement - non flow through (ii)	22,769	10,246
Private placement - flow through (iii)	404,040	200,000
Private placement - non flow through (iv)	310,555	139,750
Shares for debt (v)	71,346	35,316
Shares issued for property acquisition (vi)	20,000	9,300
Flow through share tax effect	-	(160,819)
Cost of issue	-	(19,250)
Balance, November 30, 2006	4,164,562	8,779,090
Private placement - non-flow through (i)	9,999,996	2,199,999
Issue of warrants - warrant valuation	-	(730,000)
Flow through share tax effect	-	(71,564)
Cost of issue	-	(728,765)
Balance, November 30, 2007	14,164,558	\$ 9,448,760

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8. CAPITAL STOCK (Continued)

On June 21, 2007, the Company consolidated its shares on a 3 for 1 basis. All common shares, options and warrants and per share amounts have been restated to give retroactive effect to the 3:1 consolidation that took place on June 21, 2007 and a prior share consolidation that took place on April 7, 2006.

(i) In October 2007, the Company completed a private placement financing through the issuance of 9,999,996 units at a price of \$0.22 per unit for gross proceeds of \$2,199,999. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.29 per share until October 12, 2009. The Company paid various finder's fees of up to 5% in connection with certain portions of the financing, and these are included in cost of issue of \$238,665. Directors, officers and a company with common directors and officers, subscribed for 4,969,486 units of this private placement for gross proceeds of \$1,093,287, of which approximately \$430,000 is included in subscription receivable at November 30, 2007. The fair value of the warrants was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected life - 2 years; expected volatility - 106%; and risk free interest rate - 4.3%.

(ii) In January 2006, the Company completed a private placement financing through the issuance of 250,000 flow-through units and non-flow-through units at a price of \$0.45 per unit for gross proceeds of \$122,746. Each flow-through unit consisted of one flow-through common share and one half common share purchase warrant. Each non-flow-through unit consisted of one common share and one common share purchase warrant. Each whole warrant entitled the holder to purchase one common share at a price of \$0.90 per share before January 5, 2007. These warrants expired unexercised during 2007. A finder's fee of \$1,750 was paid in relation to this financing.

(iii) In June 2006, the Company completed a private placement financing through the issuance of 404,040 flow-through units at a price of \$0.495 per unit for gross proceeds of \$200,000. Each flow through unit consisted of one flow through common share and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.63 per share before June 20, 2008. A finder's fee of \$14,000 was paid in relation to this financing.

(iv) In July 2006, the Company completed a private placement financing through the issuance of 310,555 units at a price of \$0.45 per unit for gross proceeds of \$139,750. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.525 per share before July 25, 2008. A finder's fee of \$3,500 was paid in relation to this financing.

(v) In July 2006, the Company issued 71,346 common shares at \$0.495 per share to settle outstanding debt in the amount of \$35,316 to a director and a company controlled by a director.

(vi) In August 2006, the Company issued 20,000 common shares valued at \$9,300 in connection with the acquisition of certain resource property interests.

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Notes to the Financial Statements

November 30, 2007 and 2006

9. WARRANTS

	2007		2006	
	Number of Warrants	Weighted Average Exercise Price \$	Number of Warrants	Weighted Average Exercise Price \$
Balance, beginning of year	1,047,152	0.90	709,269	1.38
Granted, private placements	9,999,996	0.29	660,345	0.63
Exercised	-	-	-	-
Expired or cancelled	(534,577)	1.23	(322,462)	1.95
Balance, end of year	10,512,571	0.57	1,047,152	0.90

All common shares, options and warrants and per share amounts have been restated to give retroactive effect to the 3:1 consolidation that took place on June 21, 2007 and a prior share consolidation that took place on April 7, 2006.

A summary of the outstanding warrants as of November 30, 2007 are as follows:

Expiry Date	Exercise Price (\$)	Warrants Outstanding
June 20, 2008	0.63	202,020
July 25, 2008	0.525	310,555
October 12, 2009	0.29	9,999,996
		10,512,571

10. STOCK OPTIONS

The Company has adopted an incentive stock option plan (the "Plan"). The number of common shares which may be issued pursuant to the Plan is a maximum of 10% of the issued and outstanding common shares at the time of grant.

Options will be exercisable over periods of up to five years as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company shares prevailing on the date of grant. The Plan contains vesting requirements for optionees engaged in investor relations activities. Their options must vest in stage over twelve months with no more than one quarter of the options vesting in any three-month period. The Plan contains no other vesting requirements but permits the Board of Directors to specify a vesting schedule at its discretion.

Subsequent to November 30 2007, 1,450,000 stock options were granted in connection with the private placement described in Note 8(i). The fair value of these stock options of \$490,100, recorded in 2007 as a cost of issue of the private placement was estimated using the Black-Scholes option pricing model and the following assumptions: expected dividend yield - 0%; expected life - 5 years; expected volatility - 82%; an risk-free interest rate - 3.8%.

Continued...

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10. STOCK OPTIONS (Continued)

	2007		2006	
	Number of options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Balance, beginning of year	40,556	1.35	242,222	1.08
Expired or cancelled	(40,556)	1.35	(201,667)	0.66
Balance, end of year	-	-	40,556	1.35

All common shares, options and warrants and per share amounts have been restated to give retroactive effect to the 3:1 consolidation that took place on June 21, 2007 and a prior share consolidation that took place on April 7, 2006.

11. CONTRIBUTED SURPLUS

	2007		2006	
Balance, beginning of year	\$	339,800	\$	339,800
Stock options granted and/or vested during the period		490,100		-
Balance, end of year	\$	829,900	\$	339,800

12. RELATED PARTY TRANSACTIONS

The Company was charged \$80,500 for the year ended November 30, 2007 (2006: \$42,199) for administrative and consulting fees by directors or by companies controlled by directors of the Company. During 2006, the Company was charged \$62,985 for deferred exploration costs by a company controlled by a now former director of the Company.

The Company shares its premises with other companies that have common directors and officers, and the Company reimburses the related companies for their proportional share of the expenses. Included in accounts payable and accrued liabilities at November 30, 2007 is \$11,408 (2006: \$nil) owing to such companies.

See also Notes 6, 7, 8(i) and 8(v).

All of the above transactions are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

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13. COMMITMENTS

The Company entered into flow-through share subscription agreements during the previous fiscal year whereby it is committed to incur on or before December 31, 2007 a total of \$198,788 of qualifying Canadian Exploration Expenses as described in the Income Tax Act of Canada. These flow through shares were renounced on March 1, 2007 which generated a future income tax recovery of \$71,564. As at the end of the fiscal year, \$193,917 in expenditures have been incurred, leaving a balance of \$4,871 to be incurred on or before December 31, 2007. The Company has met its flow through expenditure commitment by December 31, 2007.

14. INCOME TAXES

a) Provision for income taxes

The major items causing the Company's income tax expense to differ from the Canadian combined federal and provincial statutory rate of 36% (December 31, 2006 - 36%) were:

	2007 \$	2006 \$
Loss before income taxes	(907,682)	(145,085)
Expected income tax recovery at statutory rates	(327,000)	(53,000)
Adjustments resulting from:		
Share issue costs	(86,000)	-
Expiring non-capital losses	59,000	-
Change in tax rates	104,000	-
Other	124,436	(123,819)
Valuation allowance	54,000	-
Future income tax recovery	(71,564)	(160,819)

The future income tax recovery of \$71,564 for the year ended November 30, 2007 resulted from the renunciation of flow through shares as described in Note 13.

For the year ended November 30, 2006, the Company renounced exploration expenditures of \$443,187 which resulted in a future income tax recovery of \$160,819.

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14. INCOME TAXES (Continued)

b) Future income tax balances

The tax effect of temporary differences that give rise to future income tax assets and liabilities in Canada at November 30, 2007 and 2006 are as follows:

	2007	2006
	\$	\$
Future income tax assets (liabilities)		
Non-capital loss carryforwards	330,000	382,000
Capital loss carryforwards	100,000	106,500
Resource property interest	365,000	299,000
Other assets	66,000	19,500
Valuation allowance	(861,000)	(807,000)
	-	-

c) The Company has approximately \$1,138,000 of non-capital losses in Canada and approximately \$1,996,009 of development and exploration expenditures as at November 30, 2007 which under certain circumstances can be used to reduce the taxable income of future years. The non-capital losses expire as follows:

<u>Expiry Date</u>	<u>Amount (\$)</u>
2008	270,400
2009	162,200
2013	179,700
2014	206,100
2015	90,500
2026	117,200
2027	111,900
	<u>1,138,000</u>

15. SEGMENTED INFORMATION

	Current Assets	Interests in Mineral Properties	Other Long-Term Assets	Total Assets
<u>2007</u>				
Canada	1,553,425	101,749	293,001	1,948,175
Africa	-	132,428	-	132,428
	<u>1,553,425</u>	<u>234,177</u>	<u>293,001</u>	<u>2,080,603</u>
<u>2006</u>				
Canada	50,865	613,542	143,001	807,408
Africa	-	-	-	-
	<u>50,865</u>	<u>613,542</u>	<u>143,001</u>	<u>807,408</u>

Continued...

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Notes to the Financial Statements

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16. FINANCIAL INSTRUMENTS

Fair value:

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying value of amounts receivable, reclamation bond, accounts payable and accrued liabilities reflected in the consolidated balance sheet approximate fair value because of the limited term of these instruments.

The value of the investments approximates fair value because of the terms agreed upon in acquiring those shares.

Commodity Price Risk:

The ability of the Company to develop its properties and the future profitability of the Company are directly related to the market price of certain minerals.

Foreign exchange risk

The Company is subject to foreign exchange risk as some of its operating, financing and investing activities are transacted in currencies other than the Canadian dollar. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the Canadian dollar.

17. SUBSEQUENT EVENTS

Private Placement Financing

In December 2007, the Company completed a private placement financing of 1,111,111 units priced at \$0.27 per unit for gross proceeds of \$300,000. Each unit is comprised of one common share and one common share purchase warrant. Each purchase warrant will be exercisable at a price of \$0.36 per share until December 19, 2009.

Stock-Option Grant

In January 2008, the Company granted 1,450,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.50 expiring January 10, 2013. See Note 10.

Acquisition of Mali Projects

In March 2008, the Company executed a binding share purchase agreement (the "Agreement") for the acquisition of an 80% interest in the Tabakoto and Segala gold projects located in Mali, West Africa, the "Mali Projects". The Tabakoto project was previously a producing gold mine and has all mining infrastructure and processing facilities in place. As consideration, the Company will pay US\$20,000,000 for the purchase of an 80% interest. The vendor will also retain 1% net smelter return royalty and loan interest. The Company will have the option to buy out the net smelter return royalty for US\$2,000,000 during the five years following the date of closing. The Company intends to complete an equity offering to finance the acquisition. This acquisition is scheduled to close on or before May 20, 2008 and is subject to regulatory approval and certain financing.

Pursuant to the Agreement, the Company has agreed to a US\$1,000,000 break fee if the transaction does not close before May 2008. To post the break fee, the Company has borrowed US\$1,000,000 from Aberdeen International Inc., a company that has common directors and officers. This loan matures on September 30, 2008, will incur a 10% per annum interest rate, and shall be secured against the assets of the Company.