



**General
Minerals
Corporation**

**2nd Quarter Ended
June 30, 2007
(Unaudited)**

General Minerals Corporation

Consolidated Balance Sheets

As at June 30, 2007

(Unaudited - expressed in Canadian dollars)

	June 30, 2007 \$	December 31, 2006 \$
Assets		
Current assets		
Cash and cash equivalents	8,421,647	7,381,859
Prepays and other	112,723	245,485
	<u>8,534,370</u>	7,627,344
Investments (note 3)	6,708,000	-
Mining properties and equipment		
Mining claims and deferred exploration (note 4)	1,795,141	2,700,039
Reclamation deposit	19,794	19,308
Equipment (note 5)	69,498	90,163
Deferred share issue costs (note 6)	107,298	341,534
Intangibles	117,400	117,400
	<u>17,351,501</u>	<u>10,895,788</u>
Liabilities		
Current liabilities		
Accounts payable	306,439	536,031
Minority interest	24,209	44,221
	<u>330,648</u>	<u>580,252</u>
Shareholders' Equity		
Capital stock (note 7)	63,399,213	61,326,812
Contributed surplus (note 7)	871,354	879,306
	<u>64,270,567</u>	<u>62,206,118</u>
Deficit	(50,714,670)	(51,890,582)
Accumulated other comprehensive income	3,464,956	-
	<u>(47,249,714)</u>	<u>(51,890,582)</u>
	<u>17,020,853</u>	<u>10,315,536</u>
	<u>17,351,501</u>	<u>10,895,788</u>

Subsequent Events (note 13)

On Behalf of the Board



Michael Winn – Director



Terrence A. Lyons - Director

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

General Minerals Corporation

Consolidated Statements of Operations and Deficit

For the six months ended June 30, 2007

(Unaudited - expressed in Canadian dollars)

	Three Month Period Ended June 30, 2007 \$	Three Month Period Ended June 30, 2006 \$	Six Month Period Ended June 30, 2007 \$	Six Month Period Ended June 30, 2006 \$
General and administrative expenses				
Consulting	38,313	19,449	85,232	40,584
Directors' fees	21,500	18,500	38,500	34,500
Filing fees and transfer agent	5,888	8,784	38,809	37,625
Office and miscellaneous	50,238	45,132	99,790	100,005
Professional fees	138,111	79,330	226,898	156,856
Shareholder information	28,908	38,354	46,250	59,500
Stock-based compensation expense	-	14,782	-	36,955
Wages and benefits	44,616	62,355	110,501	133,383
	(327,574)	(286,686)	(645,980)	(599,408)
Other income and (expenses)				
Depreciation and amortization	(7,558)	(7,463)	(14,477)	(15,670)
Foreign exchange loss	(134,385)	(154,486)	(154,386)	(147,652)
Gain on dilution from investment in South American Silver Corp. ("SASC") (note 3)	-	-	2,101,743	-
Interest and other income	72,951	78,340	148,833	149,372
Minority interest	13,725	15,320	20,012	39,757
Reconnaissance and sundry exploration	(24,841)	(47,187)	(60,751)	(121,988)
Writedown of mining claims and deferred exploration	(219,082)	-	(219,082)	-
	(626,764)	(402,162)	1,175,912	(695,589)
Net (loss) earnings for the period	(626,764)	(402,162)	1,175,912	(695,589)
Deficit – beginning of period	(50,087,906)	(51,539,305)	(51,890,582)	(51,245,878)
Deficit – end of period	(50,714,670)	(51,941,467)	(50,714,670)	(51,941,467)
Basic and diluted (loss) earnings per share	(0.07)	(0.04)	0.12	(0.07)
Weighted average shares outstanding	9,471,154	9,320,242	9,420,298	9,302,757

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

General Minerals Corporation

Consolidated Statements of Cash Flows

For the six months ended June 30, 2007

(Unaudited - expressed in Canadian dollars)

	Three Month Period Ended June 30, 2007 \$	Three Month Period Ended June 30, 2006 \$	Six Month Period Ended June 30, 2007 \$	Six Month Period Ended June 30, 2006 \$
Cash flows from operating activities				
Net (loss) earnings for the period	(626,764)	(402,162)	1,175,912	(695,589)
Items not affecting cash				
Depreciation and amortization	7,558	7,463	14,477	15,670
Gain on dilution from investment in SASC	-	-	(2,101,743)	-
Minority interest	(13,725)	(15,320)	(20,012)	(39,757)
Stock-based compensation expense	-	14,782	-	36,955
Writedown of mining claims and deferred exploration	219,082	-	219,082	-
	(413,849)	(395,237)	(712,284)	(682,721)
Changes in non-cash operating working capital				
Decrease (increase) in prepaids and other	125,579	(19,683)	486	(43,605)
Increase (decrease) in accounts payable	50,199	(59,962)	319,766	(143,922)
	(238,071)	(474,882)	(392,032)	(870,248)
Cash flows from investing activities				
Deferred exploration expenditures	(241,342)	(178,917)	(493,164)	(407,066)
Property payments received for mining claims	-	-	31,166	57,518
Purchase of equipment	(16,315)	(630)	(18,783)	(630)
Net cash of SASC on deconsolidation	-	-	(136,034)	-
Reclamation deposits	(486)	(367)	(486)	(367)
	(258,143)	(179,914)	(617,301)	(350,545)
Cash flows from financing activities				
Deferred share issue costs	(15,328)	-	(15,328)	-
Proceeds from issue of capital stock	2,001,124	84,500	2,064,449	84,500
	1,985,796	84,500	2,049,121	84,500
Change in cash and cash equivalents	1,489,582	(570,296)	1,039,788	(1,136,293)
Cash and cash equivalents - beginning of period	6,932,065	7,840,910	7,381,859	8,406,907
Cash and cash equivalents - end of period	8,421,647	7,270,614	8,421,647	7,270,614
Cash and cash equivalents are comprised of:				
Cash	479,714	444,451	479,714	444,451
Short-term investments	7,941,933	6,826,163	7,941,933	6,826,163
	8,421,647	7,270,614	8,421,647	7,270,614

Supplemental cash flow information (note 10)

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

General Minerals Corporation

Consolidated Statement of Comprehensive Income and Accumulated Other

Comprehensive Income

For the six months ended June 30, 2007

(Unaudited - expressed in Canadian dollars)

	Three Month Period Ended June 30, 2007 \$	Six Month Period Ended June 30, 2007 \$
Net (loss) earnings for the period before other comprehensive income	(626,764)	1,175,912
Unrealized gains on available for sale investments (note 3)	1,634,000	3,464,956
Comprehensive income for the period	1,007,236	4,640,868
Accumulated other comprehensive income – beginning of period	1,830,956	-
Unrealized gains on available for sale investments (note 3)	1,634,000	3,464,956
Accumulated other comprehensive income – end of period	3,464,956	3,464,956

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

General Minerals Corporation

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2007

(Unaudited - expressed in Canadian dollars)

1. Organization and Nature of Operations

General Minerals Corporation (the “Company”) was incorporated under the Canada Business Corporations Act on August 19, 1994.

The Company’s principal activities are the acquisition, exploration and development of mineral properties. The principal countries where the Company is undertaking exploration activities include the United States, Mexico and Mongolia. Property interests in these countries are held through various wholly and majority owned subsidiaries.

The recoverability of amounts shown as mining claims and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the Company’s ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of properties. These and other uncertainties could adversely affect the future carrying value of mining properties and deferred exploration costs.

2. Significant Accounting Policies

These unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles, using the same accounting policies and methods as per the annual consolidated financial statements for the year ended December 31, 2006 with the following additions. They do not include all the disclosures required by generally accepted accounting principles, and should be read in conjunction with the most recent annual financial statements of the Company.

Adoption of new accounting standards

On January 1, 2007, the Company adopted two new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”); Section 3855, “Financial instruments – recognition and measurement”, and Section 1530, “Comprehensive income”. These standards were adopted on a prospective basis and as such, prior periods have not been restated.

a) Financial instruments - recognition and measurement

CICA Handbook Section 3855 requires that all financial assets, except those classified as held to maturity, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at cost. Investments classified as available for sale are reported at fair market value (or mark to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. The Company’s investment in South American Silver Corp. (“SASC”) has been designated as available for sale.

General Minerals Corporation

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2007

(Unaudited - expressed in Canadian dollars)

b) Comprehensive income

Under CICA Handbook Section 1530, comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in the statement of operations such as unrealized gains or losses on available-for-sale investments. Other comprehensive income includes the holding gains and losses from available for sale securities which are not included in net earnings (loss) until realized. The Company has included a statement of comprehensive earnings in its consolidated financial statements which adjusts for gains and losses on financial assets available for sale in the six month period ended June 30, 2007.

3. Investments

On February 19, 2007, the Company's wholly-owned subsidiary, SASC, completed its initial public offering of 34,000,000 common shares. The SASC shares were issued pursuant to a final prospectus dated February 7, 2007 at a price of \$0.50 per share, for total gross proceeds of \$17,000,000. SASC also granted the agents an option (exercisable within 30 days of closing) to purchase up to an additional 5,100,000 common shares at \$0.50 per common share for additional gross proceeds of \$2,550,000. The agents exercised this option, following which the Company's ownership in SASC is 8,600,000 common shares representing an 18% ownership interest.

The shares of SASC owned and controlled by the Company are subject to a regulatory escrow agreement and a lock-up agreement with the agents. The net effect of these escrow and lock-up agreements is that until August 19, 2007, unless the Company receives the consent of the agents, none of the shares of SASC owned by the Company can be sold. On August 19, 2007, 4,300,000 common shares will be released from the escrow and contractual restrictions, with a further 2,150,000 shares being released on each of February 19, 2008 and August 19, 2008.

As a result of this transaction, the Company has ceased to consolidate the accounts of SASC which included the Company's Bolivian and Chilean mining properties. The consolidated assets and liabilities of SASC as at February 19, 2007, the IPO date, can be summarized as follows:

Mining claims and deferred exploration	\$1,147,814
Equipment	24,971
Deferred share issue costs	473,810
Cash and cash equivalents	136,034
Current liabilities	(641,328)
Investment in SASC – 8,600,000 common shares at cost	1,141,301
Dilution gain	2,101,743
Accumulated unrealized holding gains	3,464,956
Carrying value at June 30, 2007 quoted value of \$0.78 per share	\$6,708,000

Investments classified as available for sale are reported at fair market value (or mark to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. The Company's investment in SASC has been designated as available for sale.

General Minerals Corporation
Notes to the Consolidated Financial Statements
For the six months ended June 30, 2007

(Unaudited - expressed in Canadian dollars)

4. Mining Claims and Deferred Exploration

	June 30, 2007	December 31, 2006
Bluebird, U.S.	\$171,353	\$171,017
Canasta Dorada, Mexico	244,854	134,708
Cerro Negro, Mexico	92,443	92,195
Dragoon, U.S. c)	-	215,083
Escalones, Chile a)	-	204,761
Gold Lake, U.S.	410,420	369,890
Laurani, Bolivia a)	-	462,925
Malku Khota, Bolivia a)	-	402,516
Markham Wash, U.S. b)	332,699	363,418
Monitor, U.S.	228,363	188,138
San Antonio, Mexico	53,267	-
Sharon Gol, Mongolia	138,572	-
Other *	123,170	95,388
	\$1,795,141	\$2,700,039

* These expenditures are in respect of several newly-acquired mineral properties.

a) The Company's South American properties are held by SASC (note 3). During the period, the Company's interest in SASC was reduced to 18%; consequently the Company no longer consolidates the costs attributable to these properties in its accounts.

b) The Company has entered into an option agreement with Teck Cominco American Incorporated (TCAI), a wholly owned subsidiary of Teck Cominco Limited, whereby TCAI can earn up to a 65% joint venture interest in the Markham Wash copper property located in Graham County, Arizona.

To complete its initial earn-in to 51%, TCAI must incur expenditures of US\$3,500,000 on the Markham Wash property within five years of February 27, 2006, of which US\$250,000 was a guaranteed commitment in the first year. Of this amount, TCAI incurred US\$223,490 in property expenditures and during the period, paid the amount of \$31,166 (US\$26,510) directly to the Company. Following its exercise of the option to earn an initial 51% interest, TCAI may elect to earn an additional 9% interest by expending US\$4,000,000 on the property over two years. Thereafter, TCAI may make a separate election to earn an additional 5% interest by funding a feasibility study.

c) During the second quarter, the Company terminated its option on the Dragoon property and incurred a writedown of \$219,082.

General Minerals Corporation

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2007

(Unaudited - expressed in Canadian dollars)

5. Equipment

	June 30, 2007		Dec. 31, 2006	
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$36,288	\$19,191	\$17,097	\$18,191
Computer hardware	89,621	73,107	16,514	12,474
Computer software	12,144	5,225	6,919	1,934
Vehicles	50,335	21,367	28,968	57,564
	\$188,388	\$118,890	\$69,498	\$90,163

6. Deferred Share Issue Costs

	June 30, 2007	December 31, 2006
Deferred share issue costs	\$107,298	\$341,534

Costs directly attributable with the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issue costs. These costs will be deferred until the issuance of the shares to which the costs relate have been issued, at which time the deferred costs will be charged against share capital. If a financing is abandoned the related costs deferred are charged to operations.

- a) On December 21, 2006, the Company's wholly owned subsidiary, SASC, filed a preliminary prospectus in connection with an initial public offering of its common shares in each of the Provinces of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba and Nova Scotia. In connection with this filing, the Company incurred legal, accounting, and filing fees of \$341,534 which were deferred. During the six month period ended June 30, 2007, SASC completed its IPO and these costs were reimbursed to the Company and were charged to the share capital of SASC as share issue costs.
- b) The Company's wholly owned subsidiary, High Desert Gold Corp., is currently preparing a preliminary prospectus in connection with an initial public offering of its common shares. In connection with this filing, the Company has incurred legal and accounting fees of \$107,298 which have been deferred.

7. Capital Stock

	Number of Common Shares	Amount
Balance, December 31, 2006	9,335,077	\$61,326,812
Issuance of common shares on exercise of share purchase warrants	1,075,873	2,001,124
Issuance of common shares on exercise of stock options	74,500	63,325
Fair value of exercised stock options	-	7,952
Balance, June 30, 2007	10,485,450	\$63,399,213

General Minerals Corporation

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2007

(Unaudited - expressed in Canadian dollars)

Stock options

The Company established a share option plan (the "Plan") during 1995 for the benefit of employees and directors of the Company and designated affiliated companies. The maximum number of shares available under the Plan is limited to 12.5% of the issued common shares at the time of granting of options. Subject to any employment contracts, each option becomes exercisable as to 33 1/3% on a cumulative basis, at the end of each of the first, second and third years following the date of grant. The maximum option term shall not exceed ten years, subject to extension in the event that the expiry date falls within a "blackout" period.

During the period, the Company did not grant any stock options under the terms of the Plan. The schedule of stock option activity under the Plan is as follows:

	Number of shares	Weighted average exercise price
Balance, December 31, 2006	895,500	\$1.69
Options exercised	(74,500)	0.85
Options expired	(2,500)	0.85
Balance, June 30, 2007	818,500	\$1.77

The following table summarizes information about stock options outstanding as at June 30, 2007.

Options outstanding and exercisable			
Range of exercise price \$	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price
1.25 to 1.85	731,500	2.0	\$1.43
1.86 to 2.75	10,000	3.1	2.20
4.01 to 5.00	77,000	3.5	4.97
	818,500	2.2	1.77

During the six months ended June 30, 2007, the Company recorded \$nil (2006 - \$36,955) in stock-based compensation expense in respect of the vesting of stock options that were granted in 2005.

Share warrants

The schedule of warrant activity during the period is as follows:

	Number of shares	Weighted average exercise price
Balance, December 31, 2006	2,018,000	\$1.86 (1)
Warrants exercised	(1,075,873)	\$1.86
Balance, June 30, 2007	942,127	\$2.05 (1)

(1) The exercise price of these warrants increased from \$1.86 to \$2.05 on June 25, 2007, and the warrants expire on June 25, 2008.

General Minerals Corporation

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2007

(Unaudited - expressed in Canadian dollars)

Contributed surplus

	Six months ended June 30, 2007	Six months ended June 30, 2006
Balance – Beginning of period	\$879,306	\$842,351
Stock-based compensation	-	36,955
Fair value of exercised stock options	(7,952)	-
Balance – End of period	\$871,354	\$879,306

8. Related Party Transactions

- a) During the six months ended June 30, 2007, included in professional fees were legal fees totalling \$161,622 (June 30, 2006 - \$66,930) which were charged by a legal firm in which a director of the Company is a partner. Of this amount, \$132,571 (June 30, 2006 - \$66,930) was charged to loss for the period and \$29,052 (June 30, 2006 - \$nil) was included in deferred share issue costs. Included in accounts payable as at June 30, 2007 was \$96,331 (December 31, 2006 - \$200,569) payable to this legal firm.
- b) During the six months ended June 30, 2007, consulting fees totalling \$91,260 (June 30, 2006 - \$91,023) were charged by officers of the Company. Of this amount, \$62,320 (June 30, 2006 - \$15,613) was charged to loss for the period and \$28,940 (June 30, 2006 - \$75,410) was deferred and included in property costs. As at June 30, 2007, prepaids and other included an amount of \$2,208 (December 31, 2006 - \$14,510) advanced to an officer of the Company. Included in accounts payable as at June 30, 2007 was \$38,156 (December 31, 2006 - \$17,275) payable to officers and directors.
- c) Included in prepaids and other as at June 30, 2007 was \$24,847 (December 31, 2006 - \$nil) due from SASC.
- d) Related party transactions are in the ordinary course of business, occurring on terms that are similar to those of transactions with unrelated parties, and therefore are measured at the exchange amount. Amounts payable to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

9. Fair Value of Financial Instruments

The fair values of cash and cash equivalents, prepaids and other, and accounts payable approximate their book value.

A substantial portion of the Company's financial assets and liabilities are denominated in foreign currencies giving rise to risks from changes in foreign exchange rates.

General Minerals Corporation

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2007

(Unaudited - expressed in Canadian dollars)

10. Supplemental Cash Flow Information

The Company conducted non-cash investing and financing activities as follows:

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Month Ended June 30, 2006
	\$	\$	\$	\$
Common shares issued on exercise of stock options	-	-	7,952	-
Equipment relating to SASC	-	-	24,971	-
Mining claims relating to SASC	-	-	1,147,814	-
Share issue costs relating to SASC	-	-	473,810	-
Payables relating to SASC	-	-	(641,328)	-
Deferred share issue costs included in payables	(91,970)	-	(91,970)	-

11. Segment Information

The Company's operations are limited to a single industry segment, being mineral exploration and development. Geographic segmented information as at June 30, 2007 and December 31, 2006 includes:

Identifiable Assets	June 30, 2007	December 31, 2006
Canada	\$15,345,300	\$7,737,715
United States	1,257,950	1,438,609
Bolivia	-	915,421
Chile	-	255,735
Mexico	501,541	329,591
Other	246,710	218,717
Total Assets	\$17,351,501	\$10,895,788

12. Commitment

The Company is committed under the terms of an office lease agreement that expires on April 30, 2010 for the following annual rent and estimated operating costs:

Year ending December 31	
2007	\$10,000
2008	20,400
2009	21,100
2010	7,100

General Minerals Corporation

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2007

(Unaudited - expressed in Canadian dollars)

13. Subsequent Events

- a) Subsequent to June 30, 2007, the Company entered into an agreement with Sprott Consulting Ltd. ("SCL"), a subsidiary of Sprott Asset Management Inc., regarding the entering into of a management services agreement between the Company and SCL, and certain other changes in the management team and board of directors of the Company.

The management services agreement will be entered into coincident with the Company undertaking a proposed private placement involving the issuance of 40 million units at \$1.50 per unit. Each unit will be comprised of one common share and one common share purchase warrant, with each warrant being exercisable for two years at \$2.50 per share.

The entering into of the management services agreement is subject to certain conditions, including, among others, the receipt of all regulatory and shareholder approvals, and the closing of the aforementioned private placement.

- b) Subsequent to June 30, 2007, the Company's subsidiary, High Desert Gold Corporation ("HDG"), entered into an engagement letter with MGI Securities Inc. ("MGI") pursuant to which MGI has agreed to act as lead agent on the initial public offering ("IPO") of HDG. There is no assurance the IPO will be completed.
- c) Subsequent to June 30, 2007, the Company received proceeds of \$61,500 from the exercise of 30,000 share purchase warrants at \$2.05 per share.

General Minerals Corporation

Consolidated Schedule of Deferred Exploration Expenditures

For the six months ended June 30, 2007

(Unaudited - expressed in Canadian dollars)

	U.S. Properties \$	Bolivia Properties \$	Chile Properties \$	Mongolia Properties \$	Mexico Properties \$	Total \$
Balance at December 31, 2006	1,307,546	865,441	204,761	28,803	293,488	2,700,039
Land payments	36,088	59,456	-	247	29,158	124,949
Laboratory	4,898	-	-	7,804	-	12,702
Field supplies	5,454	2,023	-	-	3,777	11,254
Consulting and supervision	4,789	1,526	-	-	6,458	12,773
Maps	65	-	-	313	-	378
Drilling	-	-	-	106,277	-	106,277
Camp and field	-	-	-	18,255	-	18,255
Geological consulting	22,881	13,873	585	5,676	77,128	120,143
Geophysical	9,553	-	-	-	7,813	17,366
Travel and accommodation	13,990	78	71	-	54,928	69,067
	97,718	76,956	656	138,572	179,262	493,164
Less:						
Property payment received	(31,166)	-	-	-	-	(31,166)
Transfer of costs to South American Silver Corp.	-	(942,397)	(205,417)	-	-	(1,147,814)
Write off of mining claims	(219,082)	-	-	-	-	(219,082)
	(152,530)	(865,441)	(204,761)	138,572	179,262	(904,898)
Balance at June 30, 2007	1,155,016	-	-	167,375	472,750	1,795,141



General Minerals Corporation

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