

ICS COPPER SYSTEMS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

October 31, 2008
(Expressed in Canadian Dollars)

These unaudited financial statements for the periods ended October 31, 2008 have not been reviewed by the Company's auditor.

ICS COPPER SYSTEMS LTD

Notice of No Auditor Review of Interim Financial Information

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

The accompanying unaudited interim financial statements of ICS Copper Systems Ltd (the "Company") for the period ending October 31, 2008 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these financial statements.

"Graham A Chisholm"
(signed)

President and Chief Executive Officer

December 1, 2008

ICS COPPER SYSTEMS LTD.
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Dollars)

	October 31 2008	July 31 2008
	(Unaudited)	
ASSETS		
Current		
Cash	\$ 418,215	\$ 347,690
Short-term investments	304,479	1,378,502
Taxes receivable	75,812	116,028
Accounts receivable	45,029	9,573
Inventory	13,182	13,182
Prepaid expenses	5,550	9,498
	<u>862,267</u>	<u>1,874,473</u>
Due from Related Party (Note 2)	43,450	80,000
Equipment	3,701,345	3,376,071
Mineral Properties (Note 3)	6,972,082	6,320,857
	<u>\$ 11,579,144</u>	<u>\$ 11,651,401</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 412,137	\$ 186,920
Due to related parties (Note 2)	200,000	200,000
	<u>612,137</u>	<u>386,920</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 4)	12,872,324	12,872,324
Contributed surplus (Note 4)	1,693,842	1,625,578
Deficit	(3,599,159)	(3,233,421)
	<u>10,967,007</u>	<u>11,264,481</u>
	<u>\$ 11,579,144</u>	<u>\$ 11,651,401</u>

Approved on behalf of the Board of Directors:

"G Chisholm"

Graham A. Chisholm, Director
President & Chief Executive Officer

"D A Fynn"

David A. Fynn, Director
Chief Financial Officer

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

ICS COPPER SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE
LOSS AND DEFICIT FOR THE THREE MONTHS ENDED OCTOBER 31, 2008
AND 2007
(Expressed in Canadian Dollars)

	THREE MONTHS ENDED OCTOBER 31, 2008 (Unaudited)	THREE MONTHS ENDED OCTOBER 31, 2007 (Unaudited)
Expenses		
Amortization	\$ 1,927	\$ 2,641
Consulting fees	200	-
Foreign currency exchange loss	113,552	141,653
Insurance	3,738	-
Interest and bank charges	2,286	6,502
Investor relations and promotion	16,451	57,326
Management fees	72,750	42,750
Office	620	5,280
Professional fees	45,101	29,660
Rent and utilities	7,330	6,388
Salaries and employee benefits	32,468	32,508
Stock-based compensation	68,264	-
Telecommunications	2,503	12,345
Travel and accommodation	8,367	49,473
Loss Before Other Income (Expenses)	(375,557)	(386,526)
Other Income (Expenses)		
Interest income	9,819	71,030
	9,819	71,030
Net Loss And Comprehensive Loss For The Period	(365,738)	(315,496)
Deficit, Beginning Of Period	\$ (3,233,421)	(2,343,382)
Deficit, End of Period	\$ (3,599,160)	\$ (2,658,878)
Loss Per Share, Basic and diluted	\$ (0.01)	\$ (0.01)
Weighted Average Number Of Shares Outstanding, Basic and diluted	29,713,869	26,963,869

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

ICS COPPER SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	THREE MONTHS ENDED October 31, 2008 (Unaudited)	THREE MONTHS ENDED October 31, 2007 (Unaudited)
Cash Provided By (Used In)		
Operating Activities		
Net loss for the period	\$ (365,738)	\$ (315,496)
Items not affecting cash:		
Amortization	1,927	2,641
Stock-based compensation	68,264	-
	(295,547)	(312,855)
Changes in non-cash operating assets and liabilities:		
Taxes receivable	40,216	(7,015)
Accounts receivable	(35,456)	16,411
Prepaid expenses	3,948	-
Accounts payable and accrued liabilities	225,217	164,437
	(61,622)	(139,022)
Investing Activities		
Short-term investments redeemed	1,074,023	1,829,096
Acquisition of equipment	(327,201)	(497,981)
Mineral properties	(651,225)	(1,120,789)
	95,597	210,326
Financing Activities		
Advances and repayments to related parties	36,550	-
	36,550	-
Increase In Cash	70,525	71,304
Cash, Beginning Of Year	347,690	294,076
Cash, End Of Year	\$ 418,215	\$ 365,380
Disclosure Of Supplementary Cash Flow And Non-Cash Investing and Financing Information		
Interest paid	\$ 2,250	\$ 5,835
Income taxes paid	\$ -	\$ -
Shares issued for share issuance costs	\$ -	\$ -

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

ICS COPPER SYSTEMS LTD.
NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2008

(Expressed in Canadian Dollars)

(Information as at October 31, 2008 and for the three month period ended October 31, 2008 is unaudited)

1. BASIS OF PRESENTATION

The interim financial statements of ICS Copper Systems Ltd (the "Company") have been prepared in accordance with accounting principles generally accepted in Canada. The interim financial statements have been prepared following the same accounting policies and methods of computation as the audited financial statements for the fiscal year ended July 31, 2008. The interim financial statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended July 31, 2008.

Results of operations for the interim period are not necessarily indicative of annual results.

2. DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

The Company had the following amounts due to related parties as of October 31, 2008 and July 31, 2008, and incurred the following transactions with related parties during the period ended October 31, 2008:

- a) Paid management and consulting fees to directors and officers of the Company in the amount of \$72,750 (2007 - \$57,750);
- b) Paid consulting fees related to mineral properties of \$30,000 (2007 - \$30,000) to a company owned by a director;
- c) Reimbursed vehicle lease costs of a director and officer of the Company in the amount of \$1,846 (2007 - \$1,915);
- d) In 2006, the Company acquired mining equipment from a company controlled by a director and officer of the Company having a carrying value of \$555,944. The acquisition was financed by an unsecured 4.5% interest-bearing loan, with no fixed terms of repayment. Interest paid on the loan amounted to \$2,250. The balance owing to the related company as of October 31, 2008 and July 31, 2008 was \$200,000. A further \$20,000 was repaid in November 2008.
- e) On June 3, 2008 the Company advanced to a director a housing loan in the amount of \$80,000 bearing interest at 3%, and due September 30, 2008. On October 31, 2008, the Company cancelled the management contract of that director and recovered \$35,000 plus GST of the outstanding balance by application of management fees due to the director's holding company.

ICS COPPER SYSTEMS LTD.

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2008

(Expressed in Canadian Dollars)

(Information as at October 31, 2008 and for the three month period ended October 31, 2008 is unaudited)

3. MINERAL PROPERTIES

	ZAMBIA	DRC	October 31 2008 (Unaudited)	JULY 31 2008
Acquisition Costs				
Option payments – cash	\$ 1,633,372	239,088	1,872,460	\$ 1,810,610
Abandoned Interests	-	(62,272)	(62,272)	(62,272)
Balance, End Of Period	1,633,372	176,816	1,810,188	1,748,338
Exploration Costs				
Abandoned Interests	-	-	-	(21,202)
Amortization	33,019	-	33,019	25,635
Assay	295,718	-	295,718	243,443
Camp and general	163,882	-	163,882	153,069
Consumables	288,341	514	288,855	260,622
Drilling	2,388,431	-	2,388,431	2,106,773
Environmental expenses	111,958	-	111,958	109,264
Finders' fee	45,000	-	45,000	45,000
Geological and engineering	14,580	-	14,580	10,050
Labour and benefits	657,696	-	657,696	545,139
Licence fees	-	13,576	13,576	13,576
Professional and consulting	476,913	28,320	505,233	477,867
Site clearing	173,297	-	173,297	173,297
Social expenses	64,929	-	64,929	64,798
Travel and accommodation	288,130	24,616	312,746	287,410
Utilities and communications	92,974	-	92,974	77,778
Balance, End Of Period	5,094,868	67,026	5,161,894	4,572,519
Total	\$ 6,728,240	243,842	6,972,082	\$ 6,320,857

ICS COPPER SYSTEMS LTD.

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2008

(Expressed in Canadian Dollars)

(Information as at October 31, 2008 and for the three month period ended October 31, 2008 is unaudited)

4. SHARE CAPITAL

a) Authorized

Unlimited number of Class "A" voting Common shares without par value
Unlimited number of Preferred shares without par value

b) Issued

	NUMBER OF SHARES	AMOUNT	CONTRIBUTED SURPLUS
Balance, July 31, 2008 and October 31, 2008	29,713,869	\$ 12,872,324	\$ 1,625,578

No shares were issued in three month period ended October 31, 2008.

c) Restricted Shares

i) Seed Shares

As at July 31, 2008, 960,000 common shares remained subject to regulatory "Seed Share Resale Restrictions", with an 18 month hold period to December 1, 2008.

ii) Escrow Shares

As at July 31, 2008, 4,926,072 common shares remained in escrow pursuant to an escrow agreement. The remaining escrow shares will be released in four equal tranches of 1,231,518 shares every six months from November 8, 2008 until May 8, 2010.

d) Share Purchase Warrants

Warrants granted and exercisable for the purchase of 10,220,251 shares as of July 31, 2008 at a weighted average exercise price of \$1.05 per share were as follows:

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NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2008

(Expressed in Canadian Dollars)

(Information as at October 31, 2008 and for the three month period ended October 31, 2008 is unaudited)

4. SHARE CAPITAL (Continued)

d) Share Purchase Warrants

JULY 31 and OCTOBER 31, 2008		
NUMBER OF WARRANTS	EXERCISE PRICES	EXPIRY DATES
1,120,251	\$ 0.85	May 1, 2009
5,750,000	\$ 1.30	May 1, 2009
500,000	\$ 1.50	June 8, 2009
100,000	\$ 1.50	June 8, 2009
2,750,000	\$ 0.50	June 10,2010
<u>10,220,251</u>		

e) Stock Options

The Company has a stock option plan that provides for the issuance of compensatory options to its directors, officers, employees and consultants. The maximum number of outstanding options must be no more than 10% of the issued and outstanding shares at any point in time. Options granted under the plan may have a maximum term of five years. Terms of the vesting period over which the options are earned is determined by the Board of Directors.

As of October 31, 2008, 2,150,000 (July 31,2008–1,950,000) options were outstanding and exercisable. On August 19, 2008, a further 200,000 stock options were issued to a newly appointed director under the existing stock option plan at an exercise price of \$0.44 per share. As of October 31, 2008 the weighted average remaining contractual life of the options was 3.7 years and the weighted average exercise price was \$0.79. Stock-based compensation in the amount of \$68,264 was recorded on this grant in the period.

ICS COPPER SYSTEMS LTD.

NOTES TO FINANCIAL STATEMENTS

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4. SHARE CAPITAL (Continued)

e) Stock Options

Options outstanding as of October 31, 2008 were as follows:

NUMBER OF OPTIONS	NUMBER OF OPTIONS EXERCISABLE	EXERCISE PRICE	EXPIRY DATE
1,750,000	1,750,000	\$ 0.85	May 8, 2012
200,000	200,000	\$ 0.59	April 11, 2013
200,000	200,000	\$ 0.44	August 19, 2013
<u>2,150,000</u>	<u>2,150,000</u>		

5. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operation decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mineral exploration sector. The Company's mining operations are centralized whereby the Company's head office is responsible for the exploration results and for providing support in addressing local and regional issues. The Company's mineral properties are in Zambia and the DRC, Africa.

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NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2008

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(Information as at October 31, 2008 and for the three month period ended October 31, 2008 is unaudited)

5. SEGMENTED INFORMATION (Continued)

	Three Months Ended October 31, 2008	Three Months Ended October 31, 2007
Net Loss For The Period		
Canada	\$ (365,738)	\$ (315,496)
Africa	-	-
	\$ (365,738)	\$ (315,496)
	At October 31, 2008	At July 31, 2008
Equipment		
Canada	\$ 10,032	\$ 11,959
Africa	<u>3,691,313</u>	<u>3,364,112</u>
	<u>\$ 3,701,345</u>	<u>3,376,071</u>
Mineral Properties		
Africa	<u>\$ 6,972,082</u>	<u>\$ 6,320,857</u>

6. SUBSEQUENT EVENT

The Company has suspended its exploration activities and the completion of its EMEW plant at Mokambo in Zambia as it undertakes a strategic review following the significant reduction in world copper prices. This review should be completed in early 2009. Impairment or write downs will be recorded in the event that the net book value of the equipment and mineral properties exceed the estimated indicated future cash flows attributable to such assets.