LITHIC RESOURCES LTD.

ANNUAL REPORT 2006

In 2005, we acquired a 100% interest in the advanced Crypto zinc project in Utah from EuroZinc Mining Corporation and entered into an option to earn a 100% interest in the earlier stage Stoke Mountain polymetallic project in Quebec from a private group. Although the low zinc price and consequent lack of market interest prevailing at that time prevented us from advancing the projects in 2005, we were able to complete a relatively small financing of about $900,000 in April of 2006. This allowed us to carry out preliminary work programs at both projects aimed at both refining existing drill targets and establishing new ones.

At Crypto, we completed several critical surveys including photogrammetry, deep penetrating IP and detailed helicopter-borne magnetics. The first gave us an accurate topographic base with which to compile the results of previous work, including 68 drill holes, as well as any work that we would carry out ourselves. The IP and magnetic surveys showed very strong responses over known mineralization and revealed the presence of very interesting and similar anomalies nearby in an area that has not previously been tested by drilling. These could reflect the presence of as yet unknown zinc mineralization similar to that in the Crypto zone itself and are an obvious additional target for drilling.

At Stoke Mountain, we established two grids totalling about 55 kilometres and completed a geochemical soil sampling survey as well as some geological mapping and prospecting. Additional mapping and prospecting as well as stream sediment sampling were also carried out over other portions of the property away from the new grids. Unfortunately, this work was not successful in delineating new targets for drilling and we decided to return the property to the vendors.

Having recently completed a $3.8 million non-brokered private placement as well as being in receipt of almost $1 million from recent warrant exercises, we are well-financed to continue advancing the Crypto project. Most of the 10,000 metres of drilling planned here for 2007 will be aimed at increasing the historical resource established by Cyprus Minerals in the early 1990's: 5.4 million tonnes grading 8.68% zinc in a sulphide zone and approximately 2.8 million tonnes grading 7% zinc in an overlying oxide zone. While these resources are not NI43-101 compliant and do not indicate a resource or a reserve with demonstrated economic viability, they are believed by the Company to be relevant and a reliable indication of the potential of the property. More detailed work with modelling has shown that not only the lower sulphide zone is open for expansion but also the upper sulphide and oxide zones. Although initially we were interested mainly in the sulphide mineralization, the higher prevailing zinc price has resulted in the oxide mineralization being significant in its own right. A new resource estimate will be made following the conclusion of drilling.

In addition to drilling the new target established by the 2006 geophysical surveys, a number of holes will test the downdip extensions of high grade lead-silver-zinc mineralization in the old Utah mine. where Utah International felt there was good potential to find a substantial additional tonnage of high grade material. Such a zone could nicely complement mineralization in the Crypto deposit itself. Finally, some of the holes will be extended to test areas in which previous deeper drilling intersected high grade molybdenum mineralization suggestive of a buried porphyry molybdenum deposit.

The Crypto property will be the focus of our efforts in 2007. This multiple opportunity and advanced project is located in one of the most mining friendly states in America and its US location gives it full exposure to US dollar denominated metals prices, unlike a lot of other jurisdictions where a declining US dollar is leading to locally increased costs of production, offsetting gains from higher US dollar metal prices. Initiating the drill program here is the Company's top priority at this point. At the same time, we will continue to search for other exceptional opportunities to add to our project portfolio, both advanced situations as well as earlier stage projects for our pipeline. We look forward to a very busy and productive year.

On behalf of the Directors,

C.F. Staargaard
President and CEO

MANNING ELLIOTT
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver, BC, Canada V6E 3S7
Phone: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

AUDITORS' REPORT

To the Shareholders of
Lithic Resources Ltd.
(An Exploration Stage Company)

We have audited the consolidated balance sheets of Lithic Resources Ltd. (An Exploration Stage Company) as at December 31, 2006 and 2005, and the consolidated statements of loss and deficit, and cash flows for the years 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 audits.

We conducted our audits 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 December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

/s/ MANNING ELLIOTT LLP

Chartered Accountants

Vancouver, British Columbia

March 8, 2007

CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2006 AND 2005

	2006 $	2005 $
ASSETS		
Current		
Cash and cash equivalents	**1,944,921**	54,673
Short term investments	**350,000**	-
Amounts receivable	**13,817**	1,731
Prepaids	**26,187**	-
Marketable securities	**2,290**	2,290
	2,337,215	58,694
Equipment *[Note 4]*	**-**	3,117
Mineral Claims and Options *[Note 5]*	**353,372**	332,288
	2,690,587	394,099
LIABILITIES		
Current		
Accounts payable and accrued liabilities *[Note 9]*	**52,878**	16,933
SHAREHOLDERS' EQUITY		
Capital Stock *[Note 6]*	**5,167,070**	4,235,366
Share Subscriptions Received *[Note 6]*	**1,864,680**	-
Contributed Surplus *[Note 7]*	**246,500**	76,500
Deficit	**(4,640,541)**	(3,934,700)
	2,637,709	377,166
	2,690,587	394,099

Nature of Operations [Note 1]
Commitments [Note 5]
Subsequent Events [Note 10]

Approved on behalf of the Board:

"C.F. Staargaard"	*"F.D. Wheatley"*
Chris Staargaard, Director	Frank Wheatley, Director

(the accompanying notes are an integral part of the financial statements)

CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006 **$**	2005 $
REVENUE	**-**	-
MINERAL CLAIMS, OPTIONS AND EXPLORATION COSTS		
Exploration costs	**329,834**	28,876
ADMINISTRATIVE EXPENSES		
Amortization	**-**	1,336
Assets written down	**3,117**	-
Communication and investor relations	**24,987**	22,233
Management fees *[Notes 5 and 9]*	**69,897**	89,012
Office, rent, travel and miscellaneous	**35,675**	24,971
Professional fees	**41,790**	21,437
Stock based compensation *[Note 6]*	**170,000**	-
Less Foreign exchange gain	**(3,980)**	-
	341,486	158,989
LOSS BEFORE OTHER ITEMS	**671,320**	187,865
OTHER ITEMS		
Acquisition costs written-off	**96,168**	-
Settlement received on termination of property acquisition negotiation	**(50,000)**	-
Interest income	**(11,647)**	(2,270)
	34,521	(2,270)
NET LOSS FOR THE YEAR	**(705,841)**	(185,595)
DEFICIT - BEGINNING OF YEAR	**(3,934,700)**	(3,749,105)
DEFICIT - END OF YEAR	**(4,640,541)**	(3,934,700)
LOSS PER SHARE	**(0.03)**	(0.01)
WEIGHTED AVERAGE NUMBER SHARES OUTSTANDING	**20,948,000**	18,033,000

(the accompanying notes are an integral part of the financial statements)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006 $	2005 $
OPERATING ACTIVITIES		
Loss for the year	**(705,841)**	(185,595)
Add non-cash items		
Acquisition costs written-off	**96,168**	-
Amortization	**-**	1,336
Assets written down	**3,117**	-
Stock based compensation	**170,000**	-
Change in non-cash working capital items	**(2,328)**	(27,649)
CASH USED IN OPERATING ACTIVITIES	**(438,884)**	(211,908)
FINANCING ACTIVITIES		
Share subscriptions received	**1,864,680**	-
Proceeds from common shares issued	**932,000**	-
Share issuance costs	**(25,796)**	-
CASH PROVIDED BY FINANCING ACTIVITIES	**2,770,884**	-
INVESTING ACTIVITIES		
Purchase and staking of mineral claims and option payments	**(91,752)**	(92,036)
CASH USED IN INVESTING ACTIVITIES	**(91,752)**	(92,036)
INCREASE IN CASH DURING THE YEAR	**2,240,248**	(303,944)
CASH AND EQUIVALENTS - BEGINNING OF YEAR	**54,673**	358,617
CASH AND EQUIVALENTS - END OF YEAR	**2,294,921**	54,673
NON-CASH FINANCING ACTIVITIES		
Value of shares issued for mineral property payments	**25,500**	240,250
Finders fee	**53,000**	-

(the accompanying notes are an integral part of the financial statements)

1. NATURE OF OPERATIONS

The Company was incorporated on October 24, 1997 under the laws of the Province of British Columbia as Berland Resources Ltd. Effective June 7, 2002 the Company undertook a restructuring whereby the Company consolidated its shares on a 2 for 1 basis, changed its name to Lithic Resources Ltd., and was continued under the Canada Business Corporations Act. The Company is listed on the TSX Venture Exchange under the trading symbol LTH.

The Company is a mineral exploration company in the exploration stage and is engaged in the acquisition and exploration of mineral properties primarily in Canada. The Company has not yet determined whether any of these properties contain ore reserves that are economically recoverable.

The recoverability of carrying amounts for mineral claims and options is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development and future profitable production of its properties or to realize proceeds from the disposition of its properties. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral claims and options could be written-off.

As at December 31, 2006, the Company had an accumulated deficit of $4,640,541. These financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. The ability of the Company to continue as a going concern is uncertain and dependent upon obtaining the financing necessary to meet its future exploration commitments and to complete the development of its properties and/or realizing proceeds from the sale of one or more of the properties. These financial statements do not reflect any adjustments related to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

[a] Basis of presentation and consolidation

The financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles and include the accounts of the Company and its wholly-owned subsidiary N.P.R. (US) Inc., a Nevada corporation. All inter-company transactions and balances have been eliminated upon consolidation.

[b] Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions, which affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. By their nature these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in estimates in future periods could be significant.

[c] Cash and equivalents

The balance in cash and short-term investments consists of cash in bank accounts and short-term deposits with maturity dates of less than three months.

[d] Short-term investments

Short-term investments consist of highly liquid short-term interest bearing securities with a term to maturity of greater than three months on the date of purchase. Short-term investments are recorded at the lower of cost or fair market value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[e] Marketable securities

Marketable securities are recorded at cost and written-down to market value if market value declines below cost other than temporarily. As at December 31, 2006, the fair market value of the securities held was $10,400 (2005 - $6,911).

[f] Mineral claims, options and deferred exploration costs

The Company records the acquisition of interests in mineral properties and areas of geological interest at cost. Costs relating to the exploration of these interests are expensed as exploration costs as they are incurred until the properties to which they relate are determined to be economically viable, at which point costs to develop the property are capitalized. Acquisition costs for properties are written off at the time those properties lapse or are sold.

Acquisition costs and costs capitalized during the development stage will be amortized over the estimated useful life of the property following commencement of production on a unit of production basis over the life of the estimated recoverable reserves. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of acquired mineral properties and related costs could be written-off.

Impairment may occur in the carrying value of mineral interests when one of the following conditions exists.

[i] the enterprise’s work program on a property has significantly changed, so that previously identified resource targets or work programs are no longer being pursued;

[ii] exploration results are not promising and no more work is being planned in the foreseeable future; or

[iii] remaining lease terms are insufficient to conduct necessary studies or exploration work.

Once an impairment has been determined then a portion of the carrying value will be written down to net realizable value.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

The Company receives mining exploration tax credits for certain qualifying work done on its properties. The benefits related to such mining exploration tax credits are credited against exploration costs in the period in which the Company can reasonably estimate the amounts to be received and establish their ultimate recovery.

[g] Equipment

Property and equipment is stated at cost less accumulated amortization. Amortization is provided utilizing the declining balance basis at the following rates:

Computer equipment	30%
Computer software	30%
Furniture and fixtures	30%

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[h] Flow-through shares

The Company adopted EIC-146, which is effective for all flow-through share transactions initiated after March 19, 2004. Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the investor may claim the tax deductions arising form the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, a future income tax liability is recognized and the shareholders' equity is reduced.

If the Company has sufficient unused tax loss carryforwards or other future income tax assets which have not been recognized, no liability is recorded and a future income tax recovery is recorded for the amount of the future income tax benefit renounced to the shareholders.

[i] Share issuance costs

Costs relating to issuing shares are deducted from the related share issuance proceeds.

[j] Stock-based compensation

The Company accounts for the granting of stock options and direct awards of stock to employees, directors and non-employees using the fair value method whereby all awards will be recorded at fair value on the date of grant. The Company estimates the fair value of each stock option at the date of grant using the Black-Scholes option pricing model. Any consideration paid by the option holders to purchase shares is credited to share capital. The Company charges the fair value of the options granted or modified during a period to operations. Accordingly, the Company has recorded an amount of $170,000 to operations in respect of employee, director and non-employee stock options granted in 2006.

[k] Loss per share

Basic net earnings (loss) per share is computed using the weighted average number of common shares outstanding during the periods. The treasury stock method is used for the calculation of diluted net earnings (loss) per share. Stock options and warrants are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options and warrants. As the Company has recorded a net loss in each of the periods presented, basic and diluted net loss per share are the same since the exercise of warrants or options or the conversion of convertible securities would reduce the loss per share.

[l] Financial instruments

Financial instruments included in the balance sheet are comprised of cash and short-term investments, amounts receivable, accounts payable and accrued liabilities. The fair values of these balance sheet items are equivalent to their carrying value because of the short-term maturity of those instruments. The fair value of marketable securities is based on quoted market values. The Company is not party to any derivative instruments.

In management's opinion, the Company is not exposed to significant interest rate, currency exchange rate or credit risk arising from these financial statements.

[m] Foreign currency transactions and subsidiary translation

The accounts of the Company are expressed in Canadian dollars. Foreign currency denominated monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Other balance sheet items are translated into Canadian dollars at the exchange rates in effect on the respective transaction dates. Translation gains and losses relating to monetary items are included in operations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[m] Foreign currency transactions and subsidiary translation (continued)

The Company's US subsidiary is considered an integrated subsidiary which is financially and operationally dependent on the Company. The Company uses the temporal method to translate the accounts of its integrated US operation into Canadian dollars. Monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the rates in effect during the period, except for amortization, which is translated on the same basis as the related asset. The resulting exchange gains or losses are recognized in income.

[n] Income taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are determined based on temporary differences between the accounting and taxes bases of existing assets and liabilities, and are measured using the tax rates expected to apply when these differences reverse. The effect of future income tax assets and liabilities of a change in tax rate is included in income in the period in which the change occurs. A valuation allowance is recorded against any future tax asset if it is more likely than not that the asset will not be realized.

[o] Long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

[p] Asset retirement obligations

Effective June 1, 2004, the Company adopted CICA Handbook Section 3110, “Asset Retirement Obligations”, which established standards for asset retirement obligations and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at December 31, 2006, the Company has not incurred any asset retirement obligation related to the exploration of its mineral properties.

3. ACQUISITION

On May 30, 2005, the Company acquired all of the issued and outstanding common shares of N.P.R. (US) Inc. (“NPR”) from EuroZinc Mining Corp. NPR was incorporated on November 9, 1984 in the State of Nevada, USA. Consideration was $25,000 in cash and 1,500,000 million common shares of the Company having an estimated fair market value of $232,500 being the price of the shares in the open market at the date of the transaction. The total cash and non-cash consideration was $257,500. The acquisition of NPR was treated as an acquisition of assets rather than a business combination because the acquisition does not meet the definition of a business as outlined in EIC-124.

3. ACQUISITION (continued)

The following is a summary of the purchase price allocation at the date of acquisition based upon the estimated fair values of the assets acquired and liabilities assumed:

Mineral exploration rights	$257,499
Loan from NPR	1
	$257,500

4. EQUIPMENT

In fiscal 2006 the equipment was written off.

	Cost $	Accumulated Amortization $	2005 Net Book Value $
Computer equipment	4,432	2,683	1,749
Computer software	2,687	1,916	771
Furniture and fixtures	1,754	1,157	597
	8,873	5,756	3,117

5. MINERAL CLAIMS AND OPTIONS

Acquisition costs:

Property	Ownership interest	Carrying Value ($) 2006	2005
Canada			
Fly Lake *[a]*	100% - owned		
Beginning of year		1	1
Acquisition costs		-	-
Exploration costs		-	-
Less: write-down		-	-
		1	1
Roaring River Property *[b]*	100% - owned		
Beginning of year		1	1
Acquisition costs		-	-
Exploration costs		-	-
Less: write-down		1	-
		-	1
Stoke Mountain [d]	Under option		
Beginning of year		29,467	-
Acquisition costs		66,700	29,467
Exploration costs		-	-
Less: write-down		96,167	-
		-	29,467

5. MINERAL CLAIMS AND OPTIONS (continued)

Property	Ownership interest	Carrying Value ($) 2006	2005
United States			
Crypto [e]	100%- owned		
Beginning of year		302,819	-
Acquisition costs		50,552	302,819
Exploration costs		-	-
Less: write-down		-	-
		353,371	302,819
		353,372	332,288

Exploration costs charged directly to operations

	2006 $	2005 $
Friendly Lake	-	21,196
Stoke Mountain	130,695	2,013
Crypto	199,139	2,743
General	-	2,924
	329,834	28,876

The following table represents exploration expenditures incurred during fiscal 2006:

	Stoke Mountain	Crypto	Total
Accommodation & Meals	-	-	-
Geological wages, fees and costs	33,164	3,631	36,795
Geophysics	-	195,508	195,508
Geochemistry	49,403	-	49,403
Line-cutting	48,128	-	48,128
	130,695	199,139	329,834

Geological wages for the Stoke Mountain and Crypto properties include $13,466 (2005 - $NIL) and $2,083 (2005 - $NIL), respectively, of time provided by management.

The following table represents exploration expenditures incurred during fiscal 2005:

	Stoke Mountain	Crypto	Friendly Lake	General	Total
Accommodation & Meals	-	-	-	2,924	2,924
Geological wages, fees and costs	2,013	2,743	21,196	-	25,952
Geophysics	-	-	-	-	-
Geochemistry	-	-	-	-	-
Line-cutting	-	-	-	-	-
	2,013	2,743	21,196	2,924	28,876

5. MINERAL CLAIMS AND OPTIONS (continued)

[a] Fly Lake

The Fly Lake property is located in the Red Lake Mining Division in North-western Ontario. The property was acquired on January 19, 2000 and is subject to a 2% NSR royalty payable to Rio Algom Exploration Ltd. ("Rio").

Upon completion of a pre-feasibility study by the Company on any deposit discovered on the property, Rio will have the right to undertake a final feasibility study and to arrange financing to put the property into production in return for a 50% undivided interest in the property. If requested by the Company, Rio will loan the Company its share of any required financing in return for an additional 10% interest, giving Rio an aggregate 60% interest. At that time, a joint venture will be formed with Rio as the operator and Rio will relinquish its 2% NSR royalty.

The claims are carried at a nominal $1. As at December 31, 2006 the property consists of 44 claims in good standing to May, 2007.

[b] Roaring River

In 2003, the Company completed its option to earn a 100% interest, currently consisting of 13 mineral claims, located in the Thunder Bay Mining Division in the Province of Ontario, having paid a total of $42,000 in cash and having issued 125,000 common shares having an estimated fair market value of $17,000.

On April 24, 2003, the Company entered into an option agreement with Lac Des Iles Mines Ltd. whereby Lac Des Iles had the right to earn a 60% interest in the Roaring River property in return for making cash payments totalling $90,000 and incurring $500,000 in exploration expenditures over a three year period. After carrying out some surface work and drilling five holes totalling 500 metres, LDI returned the property to the Company on November 3, 2004, after having made $50,000 in cash payments. The Company subsequently wrote down its property acquisition to a nominal value of $1. The property is subject to a 2% NSR Royalty.

In 2006 the Roaring River property was relinquished and all acquisition costs have been written off as of December 31, 2006 - $1.

[c] Friendly Lake

On January 30, 2004, the Company signed an option agreement to earn 100% interest in the Friendly Lake property in British Columbia.

After spending $726,937 in 2004 on exploration, the Company returned the property to the vendor in January 2005. All costs related to the property were written-off as of December 31, 2004. In 2005 the Company incurred $21,196 in additional costs at Friendly Lake in order to complete its obligations under the options agreement.

[d] Stoke Mountain

On June 16, 2005 the Company entered into an option agreement to acquire a 100% interest in 15 mineral claims called the Stoke Mountain mineral property located in the stone and Dudswell Townships, Province of Quebec, Canada. The property is subject to a 2% NSR royalty. To complete the acquisition of the property the Company must make payments and issue shares as follows:

On signing:	$15,000 in cash and 50,000 shares (paid)
June 16, 2006	$25,000 in cash, 75,000 shares and $75,000 in exploration expenditures (done)
June 16, 2007	$40,000 in cash, 100,000 shares and $200,000 in exploration expenditures
June 16, 2008	$75,000 in cash, 200,000 shares and $300,000 in exploration expenditures
June 16, 2009	$400,000 in exploration expenditures

5. MINERAL CLAIMS AND OPTIONS (continued)

[d] Stoke Mountain (continued)

The Company also agreed to pay the costs of staking approximately 126 mineral claims to cover key extensions of the stratigraphy and other prospective ground around the Property as originally presented by the vendors. The cost of this staking was applied to the first year work requirement. The Company has the right to purchase, at any time, in return for a cash payment of $500,000 one-half (50%) of the 2% NSR royalty.

Several additional claims were staked in 2006 to cover expiring claims and as at December 31, 2006, the property consisted of 141 claims.

In 2007 the Company decided to return the property to the Optionor and all acquisition costs of $96,167 have been written off as of December 31, 2006.

[e] Crypto Property

On May 30, 2005 and amended on June 29, 2005, the Company acquired all of the issued and outstanding common shares of N.P.R. (US) Inc. ("NPR) from EuroZinc Mining Corp. NPR was incorporated on November 9, 1984 in the State of Nevada USA. NPR's only asset was a 100% interest in the Crypto Zinc Property which at the time of acquisition included 40 unpatented mining claims, 17 patented mining claims and 1 Utah State mineral lease. Consideration was $25,000 in cash and 1,500,000 million common shares of the Company having an estimated fair market value of $232,500 being the price of the shares in the open market at the date of the transaction. The total cash and non-cash consideration was $257,500. The acquisition of NPR was treated as an acquisition of assets rather than a business combination because the acquisition does not meet the definition of a business as outlined in EIC-124.

The following is a summary of the purchase price allocation at the date of acquisition based upon the estimated fair values of the assets acquired and liabilities assumed:

Mineral exploration rights	$257,499
Loan from NPR	1
	$257,500

Since acquisition, the Company has registered an additional 98 unpatented mineral claims as part of the property and has purchased an interest in one additional patented claim. As at December 31, 2006, the property consisted of 138 unpatented claims, 18 patented claims and one state mineral lease.

6. CAPITAL STOCK

Authorized: Unlimited common shares without par value.

	Number of shares	Value $
Balance December 31, 2004	16,482,819	3,995,116
Issued for property [*Note 3 and 5(d)]*	1,550,000	240,250
Balance December 31, 2005	18,032,819	4,235,366
Issued for property *[Note 5(d)]*	75,000	25,500
Private placement	3,728,000	932,000
Finders' fee	100,000	53,000
Issue costs	-	(78,796)
Balance December 31, 2006	21,935,819	5,167,070

6. CAPITAL STOCK (continued)

Private Placement

In May 2006, the Company completed a private placement of 3,728,000 units at $0.25 per unit for gross proceeds of $932,000. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company for a period of twenty-four months after the closing at an exercise price of $0.35 during the first year and an exercise price of $0.50 during the second year. All of the net proceeds have been allocated to capital stock and none has been allocated to the warrants.

Share issuance costs consisted of $25,796 cash and a finders' fee of 100,000 shares with a fair value of $0.53 per share. The finders' fee was paid to an agent, for an introduction to certain subscribers of the private placement.

Subscriptions

In December 2006, the Company commenced the private placement of 9,591,700 units at $0.40 per unit. This placement was completed in January 2007 (see also Note 9). At December 31, 2006, $1,864,680 in subscriptions had been received.

[a] Stock options

The Company grants stock options to employees and consultants as compensation for services, pursuant to its Incentive Share Option Plan (the "Plan"). Options issued pursuant to the Plan must have an exercise price greater than or equal to the "Discounted Market Price" of the Company's stock on the grant date. Options have a maximum expiry period of up to five years from the grant date and vest at such time as may be determined by the Board at the date of the grant. Options granted to consultants performing investor relations activities shall vest in stages over a 12 month period with a maximum of one-quarter of the options vesting in any three month period. The number of options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date.

On May 16, 2006, the Company granted 500,000 stock options to directors of the Company. These options are exercisable at 0.39 cents and expire May 16, 2011.

The fair value of the stock options was estimated using the Black-Scholes model: risk-free interest rate was 4.3%, expected volatility of 130% granted and fully vested, an expected life of five years and no expected dividends. The estimated fair value of $170,000 was charged to operations during 2006.

The weighted average number of shares under option and the weighted average option price for the year ended December 31, 2006 are as follows:

	Number of Options	Exercise Price ($)	Weighted Average Option Price ($)	Weighted Average Remaining Life (Months)
Balance December 31, 2004 and 2005	1,150,000	0.19-0.20	0.19	42/30
Granted in year	500,000	.39	0.39	16
Balance December 31, 2006	1,650,000		0.25	29

6. CAPITAL STOCK (continued)

[b] Warrants

At December 31, 2006 and 2005 warrants were outstanding as follows:

2006	2005	Exercise Price	Expiry	Weighted Avg. Exercise Price
3,728,000	-	$0.35/0.50	April 2005/2006	$0.35/0.50
-	1,600,000	$0.35/0.50	April 2005/2006	
-	166,667	$0.40/0.50	April 2005/2006	
-	956,000	$0.35/0.50	May 2005/2006	
-	185,000	$0.40/0.50	May 2005/2006	
3,728,000	2,907,667			

7. CONTRIBUTED SURPLUS

The following summarizes the continuity of the Company's contributed surplus:

Balance December 31, 2004 and 2005	76,500
Fair value of stock options granted	170,000
Balance December 31, 2006	246,500

8. INCOME TAXES

The Company has income tax losses carried forward of $1,084,000 to apply against future year's taxable income expiring as follows:

Year	$
2007	91,000
2008	53,000
2009	159,000
2010	108,000
2014	194,000
2015	127,000
2026	352,000
	1,084,000

The benefit of these losses will be recorded when realized.

At December 31, 2006 the Company has cumulative Canadian Exploration Expenditures ("CEE") of $764,000 (2005 - $687,820) after $Nil of CEE was renounced to investors in prior periods. CEE is available for 100% deduction against future years' taxable income which give rise to possible future tax recoveries of approximately $261,000 (2005 - $239,800).

Canadian Development Expenses of $234,839 (2005 – $168,139) are available at a rate of 30% each year for deduction against future years' taxable income, which gives rise to possible future recoveries of $80,000 (2005 - $58,600).

Share issuance costs give rise to possible future tax recoveries of approximately $5,500 (2005 – $NIL).

The value of all of these tax assets has been reduced to $NIL because of a valuation allowance.

9. RELATED PARTY TRANSACTION

During the year the Company incurred management compensation of $97,727 (2005 - $89,012) to a company owned by the Company's President, $10,209 (2005 - $5,849) of which is unpaid and included in accounts payable. This amount was determined between the Company and its President.

10. SUBSEQUENT EVENTS

In January 2007 the Company completed the private placement of 9,591,700 units at $0.40 per unit for gross proceeds of $3,836,680. Each unit consists of one common share and one half of one non-transferable share purchase warrant. Each full warrant is exercisable for a period of twenty-four months after the closing at an exercise price of $0.60 in the first year and an exercise price of $0.80 in the second year, $1,864,680 for the unit subscriptions was received prior to December 31, 2006. An additional $1,199,990 for the unit subscriptions was held in trust by the Company's lawyers. This amount was not recorded in the financial statements as at December 31, 2006 as the private placement did not close until subsequent to year end.

In February 2007 800,000 stock options were granted to directors at an exercise price of $0.53. These options expire in February 2012.

In February 2007 105,000 warrants were exercised at a price of $0.35.

In March 2007 600,000 warrants were exercised at a price of $0.35.

11. SEGMENTED INFORMATION

The Company operates in one industry, mineral exploration and two geographic segments, being Canada and the United States. The accounting policies of the segments are the same as those described in Note 2.

	Canada $	United States $	Total $
2006			
Revenue	-	-	-
Assets written down	(3,117)	-	(3,117)
Exploration costs written-off	(130,695)	(199,139)	(329,834)
Acquisition costs written-off	(96,168)	-	(96,168)
Segment operating loss	(506,702)	(199,139)	(705,841)
Segment assets	1	353,371	353,372
2005			
Revenue	-	-	-
Amortization	1,336	-	1,336
Exploration costs written-off	(26,133)	(2,743)	(28,876)
Segment operating loss	(182,852)	(2,743)	(185,595)
Segment assets	29,469	302,819	332,288

Description of Business

Lithic Resources Ltd. is a mineral exploration company engaged in the business of acquiring and exploring mineral properties, either solely or through joint ventures and options. The following discussion of the results of operations, its financial condition and changes in its financial condition for the year ended December 31, 2006 is dated and current as of April 20, 2007. It should be read in conjunction with the Company's consolidated financial statements. Additional and more detailed information relating to the Company may be found at www.sedar.com and www.lithicresources.com.

Discussion of Operations

Since all of the Company's projects are in the early stages of exploration, it does not have operations or operating results in the conventional use of the terms. The Company's financial success will ultimately be dependent upon finding economically recoverable mineral reserves, confirmation of its interest in those reserves and its ability to obtain the necessary financing to profitably produce those reserves.

The Company currently holds one active project, the advanced Crypto zinc project in western Utah. Other than working on its active properties, the Company is engaged in a continuing world-wide review of properties and projects for possible acquisition.

Crypto Zinc Project

In May of 2005, the Company signed an agreement to purchase a 100% interest in the advanced Crypto zinc project from EuroZinc Mining Corporation in exchange for 1.5 million shares and $25,000 in cash. The 3,600 acre property is located in Utah about 100 miles southwest of Salt Lake City and is easily accessable by road. It includes the old Fish Springs Mining District which from the late 19th century through the mid-1970's recorded small scale production of high grade silver-lead ore.

History of Work and Property Geology

The Crypto deposit is a carbonate replacement deposit (CRD), similar in character to the world class Bingham, Park City, Tintic and other CRD districts elsewhere in Utah whose historic production at today's metal prices would have values ranging from US$1-6 billion. Modern exploration commenced in 1953 when Kennecott identified a very large magnetic anomaly at Crypto in a regional search for porphyry copper deposits. Beginning in 1961, Utah International drilled the property for its iron (magnetite) deposits, subsequently discovering significant zinc mineralization on which they focussed their attention until exiting in 1985. In the early 1990's, Cyprus Minerals optioned the property and drilled a number of additional holes, mainly to test the known zones at depth. In all, 68 holes totalling about 27,000 metres have been drilled on the property.

Zinc mineralization at Crypto consists of coarse-grained sphalerite in a number of replacement deposits and magnetite-bearing skarns in a shallow dipping sequence of Cambrian to Silurian carbonates where they have been cut by a quartz monzonite intrusive. The intrusive appears to be a cupola extending upwards from a larger body at depth and is probably Tertiary in age. A zone of copper enrichment with values ranging from 0.2-0.4% is roughly coincident with zinc mineralization. Marbleization of the surrounding carbonate rocks is extensive. Mineralization is generally oxidized to a depth of about 250 metres, sphalerite having been converted to zincite, smithsonite, hemimorphite and hydrozincite.

At deeper levels, several significant intervals of molybdenite mineralization have been intersected in drilling and molybdenite is commonly found along fractures and shears in other holes, suggesting interesting potential for a buried porphyry molybdenum deposit related to the intrusive system. In fact, the general distribution of mineralization on the Crypto property shows zoning similar to that in typical porphyry systems, with an inner zone of molybdenum-rich mineralization grading outwards to zinc, then lead, silver and manganese with increasing distance from the intrusive.

Numerous workings in the historic Fish Springs District are developed on high grade silver-lead replacement deposits controlled by structures east of the known zinc deposit. The single largest mine was the Utah Mine, which produced about 13,000 tons at an average grade of about 128 ounces silver per ton (4,389 gpt) and 44% lead. The district total is recorded at about 20,300 tons at a similar grade. Utah International reported significant potential for additional silver-rich mineralization at depth in the Utah Mine based on their underground mapping and sampling in the 1970's and 1980's. They subsequently drilled a single hole over 200 metres below the known extent of workings which cut a 2.9 metre interval grading 6.8% lead, 3.8% zinc and 167.1 grams per tonne of silver.

Historical Resource Estimate

In 1993, Cyprus used the cross-sectional method to estimate a “geological in-situ reserve” for the Crypto deposit, dividing mineralization into an upper, near surface oxide zone and lower sulphide zones situated at a depth of 300-500 metres.

	Tonnes	% Zn	contained lb Zn
Oxide Zinc	2,800,000	7.00	431,984,000
Sulphide Zinc	5,400,000	8.68	1,033,058,880

This historical estimate was made prior to the implementation of NI43-101 standards, does not conform to those standards and should not be relied on as being indicative of a resource or a reserve with demonstrated economic viability. However, Cyprus’ estimate was independently reviewed in 1993 by Roscoe Postle Associates Inc. of Toronto who found their methodology to be consistent with industry practice at the time. They also confirmed Cyprus' observation that since a number of the sulphide zones were open along strike and/or down dip, there is good potential to expand mineralization by in-fill and step-out diamond drilling. Based both on their independent review and Cyprus’ status as a senior mining company, the Cyprus estimate is believed by the Company to be relevant and a reliable indication of the mineral potential of the property.

2006 Work Program

In the summer of 2006, the Company carried out various surveys on the Crypto property, including high resolution aerial photography, deep penetrating induced polarization and detailed airborne magnetics. The aerial photography was used to produce a detailed orthophoto and a detailed digital elevation model of the property to be used as an accurate base for compilation of previous results and new data.

In August, approximately 25 kilometres of pole-dipole IP (induced polarization) were completed by Peter E. Walcott & Associates Ltd. in a survey centred on the main Crypto mineralization and using lines spaced 200 metres apart. This showed a distinct chargeability anomaly centred on known zinc mineralization as well as a separate and similar but somewhat deeper anomaly located approximately one kilometre to the east. The eastern anomaly as well as a “bridge zone” linking the two at depth could well represent other, as yet unknown zones of zinc mineralization similar to the Crypto deposit.

Also in August, McPhar Geosurveys Ltd. completed approximately 1,028 line-kilometres of high resolution, helicopter-borne magnetic survey at a line spacing of 100 metres. This showed a massive positive magnetic anomaly centred on the Crypto deposit along with an associated but lower intensity anomaly extending into the area of the eastern IP anomaly described above. The nature of the magnetic and IP anomalies and the fact that they are coincident make them prime drill targets.

2007 Work Program

The Company plans 10,000 metres of core drilling in 20-25 holes, with the following objectives:

- step-out drilling on the Crypto deposit for rapid expansion of known zinc mineralization leading to an updated resource estimate
- test nearby IP and magnetic anomalies identified in 2006 that could reflect the presence of similar but as yet unknown zinc ± lead ± silver ± copper-bearing mineralization
- test extensions to the historically mined, high grade silver-lead deposits at the Utah Mine
- extend selected drill holes to depth to investigate the possibility that numerous molybdenite-bearing drill intercepts encountered in previous work are related to a significant buried porphyry molybdenum deposit

The drilling program is budgeted at approximately $2.5 million and the Company has the required funds on hand. It is currently searching for a drilling company able to take on this contract at the earliest opportunity.

Stoke Mountain Property

In June of 2005, the Company acquired an option to earn a 100% interest in the Stoke Mountain copper-zinc-silver property by making cash payments totalling $155,000, issuing 425,000 shares and carrying out

$975,000 in work. The 11,091 hectare property is centred about 20 kilometres northeast of the town of Sherbrooke in southeastern Quebec.

Geologically, the property is situated in the Dunnage tectonic zone, a belt of old oceanic crust consisting of a collage of Cambrian to Mid-Ordovician island-arc terranes well-known for their volcanogenic massive sulphide (VMS) deposits, some of which, such as Buchans and Brunswick No. 12, are world-class. In southeastern Quebec, this zone includes a number of small VMS deposits such as the Cupra-d'Estrie, Solbec and Suffield deposits.

Previous work had shown that the property is underlain by a sequence of intermediate to felsic fragmental volcanic rocks capped by black argillite to the northwest and intruded by granitic rocks to the southeast. In the 1990's, Phelps Dodge drilled a number of IP anomalies deep within the volcanic sequence, some of which intersected footwall-style chloritic alteration and stringer chalcopyrite mineralization while others intersected narrow widths of banded sphalerite-galena-barite mineralization.

In 2006, the Company established two grids totalling about 55 line-kilometres over untested portions of the prospective stratigraphy and used them to control geochemical soil sampling along with some prospecting and geological mapping. Geochemical stream sediment sampling and additional mapping and prospecting were completed over other portions of the property. The results of this work were not considered to be sufficiently encouraging and the Company elected to terminate its option on the property.

Other Properties

The Fly Lake property, located in the Uchi Lake area of north-western Ontario, was assigned to Berland by Cumberland Resources Ltd. in October 1997 in exchange for shares. The property covers a portion of the Archean age Confederation Lake greenstone belt immediately south of the South Bay VMS deposit. A variety of companies had explored the area for VMS deposits previous to Berland, including Hollinger, Kerr Addison, St. Joseph, Placer Dome, Noranda, BHP, Rio Algom and Cumberland Resources. In 1998, Berland carried out a small geophysical survey and drilled two holes with negative results. To date, a few narrow intervals of zinc mineralization as well as some footwall style alteration have been located.

The Company now owns a 100% interest in the property, subject to Rio Algom's back-in right for a 50% interest in exchange for completing a feasibility study and arranging financing (Rio was the original optionor to Berland). It has not performed any work on the property which, as of the end of 2006, consists of 44 claims. It does not currently plan any work but is searching for a partner to continue with exploration.

Discussion of Financial Condition

General

On April 26, 2006, the Company closed a non-brokered private placement for gross proceeds of $932,000. The placement comprised 3,728,000 units priced at $0.25 per unit, each unit consisting of one common share of the Company and one non-transferable share purchase warrant. Each warrant entitles the placee to acquire one additional common share of the Company for a period of twenty-four months following the closing at an exercise price of $0.35 during the first year and an exercise price of $0.50 during the second year. The proceeds from this financing were used to conduct the 2006 exploration programs on the Crypto and Stoke properties and for general working capital.

On December 1 and 12, 2006, the Company announced a non-brokered private placement of up to 9.75 million units at $0.40 per unit for gross proceeds of up to $3.9 million. Each unit would consist of one common share and one-half of one non-transferable share purchase warrant. Each full warrant would be exercisable for a period of twenty-four months after the closing at an exercise price of $0.60 in the first year and $0.80 in the second year. An amount of $1,864,680 in subscriptions was received prior to December 31, 2006, the balance being received after year end and the private placement closing on January 12, 2007. The proceeds from this financing will be used to conduct a major drilling program on the Crypto project, as a reserve for acquisitions and for general working capital.

The Company's general and administrative costs in 2006, less a foreign exchange gain of 3,980, totalled $345,466. The largest single component of these costs was a charge of $170,000 for stock based compensation related to the issuance of 500,000 stock options to directors of the Company. At $69,897, management fees were somewhat lower than for 2005, mainly because a portion of management time was dedicated to geological work and was thus credited to exploration expenditures instead. At $41,790, professional fees were higher than in 2005, mainly because of legal due diligence related to a potential acquisition. At $35,675, office expenses were somewhat higher than in 2005 because of increased insurance costs related to operations in the USA.

With regard to the charge for stock-based compensation, securities regulations now mandate that stock options are directly expensed rather than enumerated in the notes to financial statements as previously. A value for the options is estimated using a statistical model which attempts to take into account the volatility of the stock, the risk free rate and the weighted average life of the options. These models are generally based on revenue generating companies with regular trading patterns. Where the company is non-revenue generating and the market for its stock is highly volatile and not very liquid, such as is often the case in the junior mining market, the results may not be very meaningful.

Other than in the normal course of business, the Company does not have any material contracts or commitments, is not involved in any legal proceedings, has no contingent liabilities or debt obligations and is not in breach of any corporate or securities laws. The Company does not have any investor relations contracts.

Expensed Exploration Costs

Exploration expenditures of $329,834 in the year are substantially higher than the $28,876 spent in 2005 as exploration programs were completed at both the Crypto and Stoke Mountain projects. This work was described in a previous section and the associated costs are tabulated below. Expenditures at Crypto were in line with the pre-established budget while those at Stoke were somewhat under budget.

	2006				2005			
	Friendly	**Crypto**	**Stoke**	**General**	**Friendly**	**Crypto**	**Stoke**	**General**
Geology		3,631	33,164			2,743	1,392	
Geophysics		195,508						
Geochemistry			49,403					
Linecutting			48,128					
Miscellaneous					367			
Filing Fees					19,250			
Remediation					1,579			
Travel								2,924
Maps/Reports							620	
Totals	**--**	**199,139**	**130,695**	**--**	**21,196**	**2,743**	**2,013**	**2,924**

No other substantial exploration expenditures were incurred.

Selected Annual Information

		2006	2005	2004
Total Revenues		Nil	Nil	Nil
Net Income or Loss[1]	Total	(705,841)	(185,595)	(1,108,650)
	Per Share	(0.03)	(0.01)	(0.08)
	Per Diluted Share[2]	n/a	n/a	n/a
Total Assets		2,690,587	394,099	394,216
Total Long Term Financial Liabilities		Nil	Nil	Nil
Cash Dividends Per Share		Nil	Nil	Nil

(1) No discontinued operations or extra-ordinary items
(2) Fully diluted loss per share not shown as it is anti-dilutive

The net loss has varied from year to year mainly on the basis of the amount of exploration work carried out by the company. The increase in the loss for 2006 reflects new exploration expenditures on the Crypto and Stoke properties whereas essentially no work was carried out in 2005. A larger loss in 2004 is related to a program of work carried out on the Friendly Lake project after which the option on the property was relinquished.

Selected Quarterly Information

The net loss for the Company in the period increased significantly from that in the same period in 2005 because there were substantially increased exploration expenditures in 2006. The table below summarizes selected financial information for the last eight quarters:

Quarter Ended	Revenue ($)	Net Income/(loss) ($)	Net loss per share ($)	Net loss per share diluted[1]($)
Dec. 31, 2006	Nil	(159,654)	0.03	n/a
Sept. 30, 2006	Nil	(258,659)	0.01	n/a
June 30, 2006	Nil	(308,518)	0.01	n/a
March 31, 2006	Nil	20,990	0.00	n/a
Dec. 31, 2005	Nil	(34,202)	0.01	n/a
Sept. 30, 2005	Nil	(39,843)	0.00	n/a
June 30, 2005	Nil	(45,565)	0.00	n/a
March 31, 2005	Nil	(65,985)	0.00	n/a

(1) Fully diluted loss per share not shown as it is anti-dilutive

Share Capital

The Company has one class of common shares. At December 31, 2006, there were 21,935,819 common shares, 1,650,000 stock options and 3,728,000 warrants outstanding.

Related Party Transactions

An amount of $97,727 for management services was paid to a company owned by the President of the Company.

Disclosure Controls and Internal Controls Over Financial Reporting

The Company's management has implemented and continues to add to disclosure controls in order that timely appropriate public disclosures are made. As the Company grows, the necessity to implement more formal controls also grows. The Company's management has evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2006, and has concluded that such disclosure controls and procedures are effective.

The Company's management is also responsible for establishing and maintaining internal control over financial reporting. These controls were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. There have been no changes in the Company's internal control over financial reporting during the year ended December 31, 2006.

Liquidity and Solvency

The Company had a net working capital position of $2,284,337 at December 31, 2006 compared with $41,761 at the same point in 2005. As at the end of 2006, the Company had sufficient liquidity to meet its obligations for the next year.

The Company's general and administrative costs, exclusive of any management compensation or direct business costs such as acquisitions, field work or travel, are in the range of $50,000 to $100,000 annually. These maintenance costs are typical for a public company of this nature and consist of stock exchange filing fees, legal fees, audit fees, transfer agent fees and general office expenses such as rent and phone.

The Company has no internal source of funding and depends on its ability to find attractive mineral exploration projects and then to finance them in the public market. Public financings involve significant legal costs, fees and commissions over and above the general administrative costs listed above, the total of which can be as much as 20% of the funds raised.

Risks

The mineral exploration business is speculative and involves a high degree of risk. There can be no assurance that the Company's mineral exploration activities will be successful as few properties that are explored are ultimately developed into producing mines. At present, none of the Company's properties have a known body of commercial ore and any proposed exploration programs are an exploratory search for ore. In addition to the risk that no economic body of ore exists on the property, the Company is subject to a complex array of other economic, political and technical risks in exploring and developing its mineral properties including, among other things, volatile metals markets, competition, changing government regulations, title issues and political instability.

Since the Company has no revenues, the acquisition and development of its properties depends upon its ability to obtain financing through private placement financings, public financings, the joint venturing of projects or other means. There can be no assurance that the Company will be successful in obtaining the required financings.

Subsequent Events

On January 12, 2007, the Company closed the non-brokered private placement announced on December 1 and 12, 2006. A total of 9,591,700 units at $0.40 per unit were sold for gross proceeds of $3,836,680. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each full warrant is exercisable for a period of twenty-four months after the closing at an exercise price of $0.60 in the first year and $0.80 in the second year. An amount of $1,864,680 in subscriptions was received prior to December 31, 2006, the balance being received after year end.

On February 9, 2007, the Company granted 800,000 stock options to directors. The options are exerciseable at $0.53 and expire on February 9, 2012.

A total of 2.7 million warrants were exercised by shareholders between February 1 and April 20, 2007 for total proceeds to the Company of $945,000.

Approval

The board of Directors of the Company has approved the disclosure contained in this Management Discussion and Analysis. A copy will be provided to anyone who requests it.

On Behalf of the Board of Directors,

"*C.F. Staargaard*"

C.F. Staargaard
President, CEO and Director

April 20, 2007

Head Office

Lithic Resources Ltd.
912-510 West Hastings St.
Vancouver, B.C.
Canada V6B 1L8

1-604-687-7211

Registrar and Trust Agent

Computershare Trust Company
3rd floor - 510 Burrard Street,
Vancouver, BC
V6C 3B9

Shares

Listing:	TSX Venture Exchange
Symbol:	LTH
Authorized:	unlimited
Issued:	34,242,519 (at 4-20-2007)

Auditor

Manning Elliott LLP
11th Floor, 1050 West Pender St.
Vancouver, B.C.
Canada V6E 3S7

Officers and Directors

Christiaan F. Staargaard
President, CEO and Director

Russell L. Cranswick
Director

Ryan T. Bennett
Director

Frank D. Wheatley
Chairman, Secretary and Director

Legal Counsel

Gowling LaFleur Henderson LLP
Suite 2300, 1055 Dunsmuir St .
Vancouver, B.C.
Canada V7X 1J1

Annual General Meeting

Whistler Boardroom
Gowling LaFleur Henderson LLP
Suite 2300, 1055 Dunsmuir St .
Vancouver, B.C. Canada V7X 1J1
11AM - May 26, 2007

Internet

Website: www.lithicresources.com

E-mail: info@lithicresources.com