
**INTERNATIONAL PBX VENTURES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2008 AND 2007**

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NOTICE TO READER

Management has prepared the consolidated balance sheet of International PBX Ventures Ltd. as at September 30, 2008 and the consolidated statements of operations comprehensive loss and deficit, and of cash flows for the nine months then ended. They have not been audited, or reviewed. Readers are cautioned that these statements may not be appropriate for their purposes.

Vancouver, B.C.
November 5, 2008

International PBX Ventures Ltd.

INTERNATIONAL PBX VENTURES LTD.**CONSOLIDATED BALANCE SHEETS****AS AT SEPTEMBER 30, 2008 AND 2007**

	September 30, 2008 \$	December 31, 2007 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,540,009	8,016,183
Marketable securities [Note 2[c]]	66,464	226,432
Amounts receivable	9,436	218,260
Amounts receivable from related parties [Note 10[d]]	5,483	3,689
Prepaid expenses and deposits	7,306	28,360
	<hr/>	<hr/>
	2,628,698	8,492,924
EQUIPMENT [Note 3]	65,943	67,103
MINERAL PROPERTIES [Note 4]	15,079,438	16,250,319
	<hr/>	<hr/>
	17,774,079	24,810,346
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LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	119,142	1,245,488
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SHAREHOLDERS' EQUITY		
SHARE CAPITAL [Note 6]	32,722,400	32,722,400
CONTRIBUTED SURPLUS [Note 9]	2,234,310	2,121,103
ACCUMULATED OTHER COMPREHENSIVE INCOME [Note 6[c]]	(150,536)	9,432
DEFICIT	(17,151,237)	(11,288,077)
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	17,654,936	23,564,858
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	17,774,079	24,810,346
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Nature of Operations and Continuance of Business (Note 1)

Commitments (Note 11)

Approved on behalf of the Board: "George Sookochoff" "Verna Wilson"
George Sookochoff, Director Verna Wilson, Director

(See accompanying notes to these consolidated financial statements)

INTERNATIONAL PBX VENTURES LTD.**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
REVENUE	-	-	-	-
ADMINISTRATIVE EXPENSES				
Administration fees	140,042	232,388	429,051	364,283
Amortization	2,818	2,836	14,308	7,594
Bank charges	759	754	4,101	3,087
Foreign exchange (gain) loss	9,627	26,386	107,348	33,178
Investor relations	19,740	54,431	123,994	455,362
Office and miscellaneous	83,120	61,693	234,050	183,508
Other operating expenses (Note 5)	96,355	-	198,754	-
Professional fees	50,745	37,693	259,373	139,304
Stock-based compensation	113,207	(35,761)	113,207	540,313
Transfer agent and regulatory	4,874	8,553	19,679	24,442
Travel, promotion and mining shows	8,683	67,443	82,709	176,202
	513,970	459,416	1,570,573	1,927,272
Net operating loss before other items	(513,970)	(459,416)	(1,570,573)	(1,927,272)
OTHER ITEMS				
Impairment of mineral interests	11,150	-	4,392,990	-
Interest income	(8,362)	(36,818)	(100,404)	(90,177)
	2,787	(36,818)	4,292,587	(90,177)
NET LOSS FOR THE PERIOD	(516,757)	(422,598)	(5,863,160)	(1,837,095)
DEFICIT - BEGINNING OF PERIOD	(16,634,480)	(10,631,030)	(11,288,077)	(9,216,533)
DEFICIT - END OF PERIOD	(17,151,237)	(11,053,628)	(17,151,237)	(11,053,628)
Net Loss Per Share – Basic and Diluted	\$ (0.01)	\$ (0.01)	\$ (0.08)	\$ (0.03)
Weighted Average Shares Outstanding	77,109,815	77,080,500	77,109,815	64,016,763

(See accompanying notes to these consolidated financial statements)

INTERNATIONAL PBX VENTURES LTD.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008**

Net loss	\$ (5,863,160)
Unrealized loss on available for sale investments	(159,968)
Comprehensive loss	<u>\$ (6,023,128)</u>

(See accompanying notes to these consolidated financial statements)

INTERNATIONAL PBX VENTURES LTD.**CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss for the year	(516,757)	(422,598)	(5,863,160)	(1,837,095)
Less items not affecting cash				
Amortization	2,818	2,836	14,308	7,594
Stock-based compensation	113,207	(35,761)	113,207	540,313
Impairment of mineral properties	11,150	–	4,392,990	–
Change in non-cash components of working capital				
Amounts receivable	2,849	7,871	208,824	68,746
Amounts receivable from related parties	(1,035)	–	(1,794)	–
Prepaid expenses and deposits	10,633	(12,194)	21,054	(37,870)
Accounts payable and accrued liabilities	(175,637)	126,228	(1,126,346)	(344,538)
NET CASH USED BY OPERATING ACTIVITIES	(552,772)	121,905	(2,240,916)	(1,602,851)
INVESTING ACTIVITIES				
Acquisition of and expenditures on mineral properties	(808,879)	(3,073,119)	(3,222,109)	(4,480,117)
Acquisition of equipment	(160)	1,675	(13,148)	(8,108)
NET CASH USED BY INVESTING ACTIVITIES	(809,040)	(3,071,444)	(3,235,257)	(4,488,225)
FINANCING ACTIVITIES				
Proceeds from share capital issued	–	34,000	–	13,468,966
NET CASH PROVIDED BY FINANCING ACTIVITIES	–	34,000	–	13,468,966
INCREASE IN CASH	(2,435,108)	(3,371,061)	(5,476,174)	7,377,891
CASH – BEGINNING OF PERIOD	4,975,117	13,615,129	8,016,183	2,866,177
CASH – END OF PERIOD	2,540,009	10,244,068	2,540,009	10,244,068
NON-CASH FINANCING AND INVESTING ACTIVITIES				
Mineral property option proceeds			–	–
Share issuance costs			–	–
SUPPLEMENTAL DISCLOSURES				
Interest paid			–	–
Income tax paid			–	–

(See accompanying notes to these consolidated financial statements)

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

The Company is an exploration stage company and is in the business of acquiring and exploring mineral properties in Chile. There has been no determination whether properties held contain ore reserves, which are economically recoverable.

The recoverability of carrying amounts for mineral properties 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 achieve profitable production or alternatively, dispose of the properties. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties could be written-off.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. As at September 30, 2008, the Company has working capital of \$2,509,556 but has incurred significant losses since inception totalling \$17,146,798. The continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

2. SIGNIFICANT ACCOUNTING POLICIES**[a] Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned Chilean subsidiary, Minera IPBX Ltda., and its wholly-owned Canadian subsidiaries, Tierra de Oro Resources Ltd., Copa Holdings Inc., and Copacquire Mining Inc. All material inter-company balances and transactions have been eliminated on consolidation.

[b] Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

[c] Marketable securities

The Company has classified its marketable securities as available-for-sale and therefore carries them at fair market value with the unrealized gain or loss recorded in accumulated other comprehensive income. Fair values were determined by reference to published price quotations in an active market as at September 30, 2008.

[d] Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recognized on the declining balance basis at the following rates per annum:

Automobile	30%
Office equipment	30%
Field equipment	30%

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**[e] Mineral properties**

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

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.

[f] Long-lived assets

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

[g] Asset retirement obligations

The Company follows CICA Handbook Section 3110, "Asset Retirement Obligations", which establishes 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 September 30, 2008, the Company has not incurred any asset retirement obligation related to the exploration and development of its mineral properties.

[h] Foreign currency translation

Transactions and balances in currencies other than the Canadian dollar are translated using the temporal method. Accordingly revenues, expenses and non-monetary balances are translated at the rates of exchange prevailing at the transaction dates and monetary balances are translated at the rate prevailing at the balance sheet date with the resulting exchange gains and losses being included in the determination of net loss.

[i] Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the liability method, future income taxes are recognized to reflect the expected future tax consequences arising from temporary differences between the carrying value and the tax bases of the Company's assets and liabilities. The amount of future income tax assets is not recognized until realization is more likely than not.

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**[j] Financial instruments**

Financial instruments included in the balance sheet are comprised of cash, marketable securities, amounts receivable, amounts receivable from related parties, and accounts payable. The fair values of these balance sheet items are approximate their carrying value due to the short-term maturity of those instruments. The Company is not exposed to any derivative instruments. The Company is exposed to currency exchange rate risk as certain transactions are denominated in US dollars and Chilean pesos. The Company does not have foreign exchange hedges in place at this time. It is management's opinion that the Company is not exposed to significant interest rate or credit risks.

[k] Stock-based Compensation

The Company has a stock option plan, which is described in Note 7. The Company applies the fair value method to all stock-based payments and to all grants that are direct awards of stock, that call for settlement in cash or other assets. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, share capital is credited for the consideration received and the related contributed surplus is decreased. The Company uses the Black Scholes option pricing model to estimate the fair value of stock based compensation.

[l] Loss per share

The Company uses the treasury stock method in computing loss per share. Under this method, basic loss per share is computed by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the year. For the periods ended September 30, 2007 and 2008, the existence of warrants and options causes the calculation of fully diluted loss per share to be antidilutive. Accordingly, fully diluted loss per share information has not been shown.

[m] Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Significant areas requiring the use of management estimates are the determination of impairment of mineral resource properties, stock-based compensation, amortization of property and equipment, and estimation of future income tax assets and liabilities. Actual results may differ from those estimates.

[n] Comparative figures

Certain of the prior year's figures have been reclassified to conform with the current year's presentation. Such reclassifications are for presentation purposes only and have no effect on previously reported results.

3. EQUIPMENT

	Cost	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
	\$	\$	\$	\$
Automotive	54,578	47,704	6,874	13,722
Field equipment	24,010	6,047	17,963	13,412
Furniture and office equipment	93,408	52,302	41,106	39,969
	171,995	106,053	65,943	67,103

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

4. MINERAL PROPERTIES

	Copaquire	Sierra Pintada	Tabaco	Tierra de Oro	Others	Total
Balance December 31, 2006	2,839,348	261,654	3,276,949	2,429,108	86,542	8,893,601
Acquisition and staking	821,278	22,963	648,871	38,127	10,550	1,541,789
Exploration						
Drilling	3,792,197	-	1,761	324,788	-	4,118,746
Field costs	814,104	263,747	26,780	260,783	26,332	1,391,746
Project management	187,010	-	50,056	-	869	237,935
Other	100,711	555	83,385	6,144	-	190,795
Exploration and related costs 2007	5,715,300	287,265	810,853	629,842	37,751	7,481,011
Option payments received	-	-	-	-	(185,000)	(185,000)
Gain on option payment transferred to income	-	-	-	-	158,341	158,341
Impairment of mineral property costs	-	-	-	-	(97,634)	(97,634)
	-	-	-	-	(124,293)	(124,293)
Balance December 31, 2007	8,554,648	548,919	4,087,802	3,058,950	-	16,250,319
Acquisition and staking	1,111,020	31,650	29,640	42,080	-	103,369
Exploration						
Drilling	330,374	-	132,950	601,545	-	734,495
Field costs	318,276	83,410	49,328	350,832	-	483,570
Project management	24,129	418	68,658	1,539	-	70,615
Other	6,830	10,784	24,614	4,034	-	39,432
Exploration and related costs 2008	1,790,629	126,262	305,189	1,000,029	-	3,222,109
Impairment of mineral property costs	-	-	(4,392,990)	-	-	(4,392,990)
Balance September 30, 2008	10,345,277	675,181	1	4,058,979	-	15,079,438

[a] Copaquire Property, Chile

In 2004, the Company entered into an Option Purchase Agreement with Compania Minera Huatacondo S.C.M. and Sociedad Legal Minera Macate Primera de Huatacondo of Chile to acquire the Copaquire copper-molybdenum porphyry, Region II in Chile. Pursuant to this agreement, the Company can purchase a 100% interest, subject to a 2% Net Smelter Royalty (NSR) for US\$2,100,000 in cash and US\$2,000,000 in work commitments over a four year period.

On July 15, 2008, the Company paid its final instalment of US\$750,000 and fulfilled its commitment under the agreement.

As at September 30, 2008, the Company owns 100% of the claims.

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

4. MINERAL PROPERTIES (continued)

[b] Sierra Pintada, Chile

The Company staked fourteen exploration claims covering 3,300 hectares. During the nine months ended September 30, 2008, the Company staked nine additional exploration claims covering 2,400 hectares.

[c] Tabaco, Chile

[i] The Company has staked three exploitation (300 hectares) concessions which are 100% owned by the Company.

[ii] The Company has staked ten gold and copper exploration (2,900 hectares) concessions which are 100% owned by the Company.

[iii] During the period ended September 30, 2008, the Company staked sixteen additional exploration claims in preparation of a potential road access to the property.

[iv] Since fiscal 2002, the Company was under an agreement to acquire a 100% interest in an additional area of 393 hectares adjacent to its other (3,200 hectares) Tabaco claims (the "Prospect") in Chile over a period of four years for US\$2,000,000 as follows:

- On July 15, 2005 US\$ 100,000 (paid)
- On Jan. 15, 2006 US\$ 100,000 (paid)
- On July 15, 2006 US\$ 600,000 (paid)
- On July 15, 2007 US\$ 600,000 (paid)
- On July 15, 2008 US\$ 600,000 (terminated)

During the period ended September 30, 2008, the Company drilled a recently discovered 3D induced polarization chargeability anomaly to test for mineralization. The Company analysed the drill results of the Prospect and its future potential for the company and concluded not to actively pursue the Prospect any further.

The Company terminated the agreement and did not pay the final instalment.

Previously capitalized costs in the amount of \$4,392,990 related to the Prospect were impaired and charged to operations.

The Company continues to hold its 100% interest in its remaining Tabaco claims and maintains the Tabaco mining properties in good standing.

[d] Tierra de Oro, Chile

The Company owns a 100% interest in exploitation and exploration concessions including the San claims covering 6,256 hectares in Region III, Chile.

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

5. OTHER MINERAL PROPERTIES

During the period ended September 30, 2008, the Company incurred a total of \$198,754 (2007 - \$Nil) in other operating expenses as follows:

[a] Hornitos Property, Chile

The Company has staked eleven claims, covering 3,200 hectares located 35 kilometres south of Copiapo, Chile. During 2007, the Company analysed the property and its future potential for the Company and concluded not to actively pursue the property, but to maintain it in good standing. The Company charged maintenance costs of \$47,519 (2007 - \$Nil) to other operating expenses.

[b] Palo Negro Property, Chile

The Company acquired 100% of the rights to an exploration concession through staking of an area of 6,500 hectares in Chile. During 2007, the Company analysed the property and its future potential for the Company and concluded not to actively pursue the property, but to maintain it in good standing. The Company charged maintenance costs of \$92,660 (2007 - \$Nil) to other operating expenses.

On March 7, 2008, Aldershot Resources Ltd. advised the Company that it would no longer pursue the option agreement to acquire the 80% interest of the Hornitos and the Palo Negro claims. As a result, the 100% interest in these claims reverted back to the Company.

[c] Zulema aka. Chicharra Property, Chile

The Company acquired 100% of the rights to an exploitation concession and staked an area of 721 hectares in Chile. During 2006, the Company analysed the property and its future potential for the Company and concluded not to actively pursue the property, but to maintain it in good standing. The Company charged maintenance costs of \$20,794 (2007 - \$Nil) to other operating expenses.

[d] Naranjo Property, Chile

During the three months ended September 30, 2008, the Company has staked seven exploration claims, covering 2,100 hectares located in the vicinity of the Tabaco claims. The Company charged staking related expenses of 5,045 (2007 - \$Nil) to other operating expenses.

[d] Other Exploration, Chile

During the period ended September 30, 2008, the Company engaged in the pursuit of other exploration opportunities and possible mining prospects and expensed \$32,736 (2007 - \$Nil) to operations.

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

6. SHARE CAPITAL

[a] Authorized

Unlimited number of common shares without par value

[b] Issued and Outstanding

	Number of Common Shares	Total \$
Balance as at December 31, 2005	36,404,439	12,196,816
Issued for cash pursuant to:		
Options exercised	10,000	5,500
Warrants exercised	182,367	98,640
Private placements	13,968,084	7,340,218
Issued pursuant to payment of finder's fees	32,000	17,600
Fair value of stock options exercised	—	1,743
Share issuance costs	—	(420,460)
Balance as at December 31, 2006	50,596,890	19,240,057
Issued for cash pursuant to:		
Options exercised	70,000	32,500
Warrants exercised	4,083,927	2,483,741
Private placements	22,358,998	11,368,550
Fair value of stock options exercised	—	13,377
Share issuance costs	—	(415,825)
Balance as at December 31, 2007 and September 30, 2008	77,109,815	32,722,400

[c]

Accumulated other comprehensive income, beginning of year	\$	9,432
Other comprehensive loss		(159,968)
Accumulated other comprehensive income, as at September 30, 2008	\$	(150,536)

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

7. STOCK OPTIONS

The Company has implemented a stock option plan ("the Plan") to be administered by the Board of Directors. Pursuant to the Plan the Board of Director's has discretion to grant options for up to a maximum of 10% of the issued and outstanding common shares of the Company at the date the options are granted. The option price under each option shall be not less than the discounted market price on the grant date. The expiry date of an option shall be set by the Board of Directors at the time the option is awarded, and shall not be more than five years after the grant date. Options granted to directors, employees and consultants, other than consultants engaged in investor relations activities, will vest fully upon the expiry of a four-month hold period, unless otherwise approved by the relevant regulatory authorities. Options granted to employees and consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

The continuity of options is as follows:

	Number of shares	Weighted average exercise price \$
Outstanding, December 31, 2006	4,927,500	0.60
Granted	3,350,000	0.64
Exercised	(70,000)	0.46
Cancelled	(400,000)	0.60
Expired	(1,957,500)	0.57
Outstanding, December 31, 2007	5,850,000	0.63
Granted	2,550,000	0.25
Cancelled	(250,000)	0.70
Expired	(1,200,000)	0.56
Outstanding, September 30, 2008	6,950,000	0.49

As at September 30, 2008, the following options were outstanding and exercisable:

Outstanding and Exercisable			
Exercise Price \$	Number of options	Weighted average Remaining Contractual life (years)	Weighted average exercise price \$
0.25	2,550,000	2.99	
0.50	1,100,000	0.90	
0.60	500,000	0.95	
0.65	1,200,000	1.97	
0.70	700,000	1.59	
0.75	900,000	0.55	
	6,950,000	1.88	0.49

Stock options outstanding as at September 30, 2008 expire between April 20, 2009 and September 15, 2011.

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

7. STOCK OPTIONS (continued)

The fair value of each option previously granted was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	2008	2007
Expected volatility	69%	61%
Expected life of options (in years)	3 yrs	2.4 yrs
Risk free interest rate	2.76 %	4.02%
Expected dividend yield	0 %	0%

8. WARRANTS

The continuity of warrants is as follows:

	Number of shares	Weighted Average Exercise Price \$
Balance, December 31, 2006	16,793,434	0.65
Granted	20,442,501	0.72
Exercised	(4,083,927)	0.61
Expired	(11,839,507)	0.64
Balance, December 31, 2007	21,312,501	0.65
Expired	(870,000)	1.00
Balance, September 30, 2008	20,442,501	0.72

As at September 30, 2008 the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price \$	Expiry Date
3,885,000	0.55	March 28, 2009
1,916,501	0.80	May 2, 2009
13,500,000	0.75	April 3, 2009
1,141,000	0.75	April 18, 2009

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

9. CONTRIBUTED SURPLUS

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

	Amount \$
Balance, December 31, 2006	1,347,277
Fair value of stock options granted	637,756
Fair value of stock options exercised transferred to share capital	(13,377)
Fair value of stock options vested	149,449
Balance, December 31, 2007	2,121,103
Fair value of stock options granted	113,207
Balance, September 30, 2008	2,234,310

10. RELATED PARTY TRANSACTIONS/BALANCES

During the period ended September 30, 2008 and 2007, the Company incurred the following related party transactions:

- [a] The Company incurred administration fees from directors or companies controlled by directors of \$263,500 (2007 - \$192,000).
- [b] The Company incurred investor relations services from directors or companies controlled by directors of \$64,000 (2007 - \$Nil).
- [c] The Company incurred accounting fees from officers or companies controlled by officers of \$81,000 (2007 - \$40,300).
- [d] The Company paid legal fees of \$1,794 (2007 - \$Nil) on behalf of companies related by a common director. Accounts receivable from related parties total \$5,483 (2007 - \$3,689) of such fees.

All of the above transactions have been in the normal course of operations, and in management's opinion, undertaken with the same terms and conditions as transactions with unrelated parties.

11. COMMITMENTS

The Company has a lease commitment for office space that expires June, 2010. Future minimum lease payments over the next three years are as follows:

Year	Commitment \$
2008	16,288
2009	65,154
2010	32,577

INTERNATIONAL PBX VENTURES LTD.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008 AND 2007**

12. SEGMENTED INFORMATION

The Company operates in one industry segment, namely exploration of mineral resources in one geographic region, Chile.

13. INCOME TAXES

Reconciliation to statutory rates - The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates of 34.12% (2006: 34.12%):

	2007	2006
Expected income tax benefit computed at statutory rates	\$ 706,811	\$ 760,185
Effect of:		
Amortization	(7,669)	(2,830)
Non-deductible stock based compensation	(240,454)	(367,328)
Miscellaneous	21,895	(35,709)
Share issuance costs	57,068	23,668
Valuation allowance	(537,651)	(377,986)
	<u>\$ -</u>	<u>\$ -</u>

Non-capital losses - The Company has non-capital losses of \$4,171,000 available to offset future taxable income, expiring from 2008 to 2027. As well, the Company has \$287,000 of non-capital losses that do not expire. The losses expire as follows:

2008	\$ 92,000
2009	87,000
2010	518,000
2014	596,000
2015	712,000
2026	974,000
2027	1,192,000
Indefinite	287,000
	<u>\$ 4,458,000</u>

Future tax assets - The tax effects of temporary differences that give rise to significant portions of the future tax assets at December 31, 2007 and 2006 are presented below:

	2007	2006
Combined statutory tax rate	31.00%	34.12%
Future income tax assets		
Non-capital loss carry forwards	\$ 1,382,000	\$ 1,028,000
Capital loss carry forwards	23,000	27,000
Property and equipment	15,000	9,000
Resource pools	464,000	480,000
Share issuance costs	181,000	95,000
Valuation allowance	(2,065,000)	(1,639,000)
Net future income tax asset	<u>\$ -</u>	<u>\$ -</u>

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13. INCOME TAXES (continued)

In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences reverse. Management considers the scheduled reversal of future income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of future income tax assets considered realizable could change materially in the near term based on future taxable income during the carry forward period.