

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
THE BOARD OF G&S MINERALS, INC. AND SUBSIDIARY

We have audited the accompanying consolidated balance sheet of G&S Minerals, Inc. and Subsidiary as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders equity and cash flows for the periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of G&S Minerals, Inc. and Subsidiary at December 31, 2007 and 2006 and the results of its' consolidated operations and its' consolidated stockholders equity and cash flows for the periods then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company's viability is dependent upon its ability to obtain future financing and the success of its future operations. These factors raise substantial doubt as to the Company's ability to continue as a going concern. Management's plan in regard to these matters is described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Gruber & Company, LLC Saint Louis, Missouri

July 11, 2008

G&S Minerals, Inc. & Subsidiary Consolidated Balance Sheets

	December 31,	
	2007	2006
Assets		
Current Assets		
Cash & Equivalents	\$ 25,163	\$ 4,413
Total Current Assets	25,163	4,413
Property & Equipment, Net	1,619	-
Goodwill	-	11,087,450
Total Assets	\$ 26,782	\$ 11,091,863
Liabilities & Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 681,170	\$ 326,795
Accrued Interest	455,765	290,351
Convertible Notes Payable	1,909,426	2,666,700
Total Current Liabilities	3,046,361	3,283,846
Commitments & Contingencies	-	-
Stockholders' Equity (Deficit)		
Common Stock, \$0.001 par value, 150,000,000 shares authorized; 84,080,678 and 61,475,185 shares issued and outstanding, respectively.	84,081	61,475
Additional Paid-in Capital	22,699,488	18,245,867
Accumulated Deficit	(25,803,148)	(10,499,325)
Total Stockholders' Equity (Deficit)	(3,019,579)	7,808,017
Total Liabilities & Stockholders' Equity (Deficit)	\$ 26,782	\$ 11,091,863

The accompanying notes are an integral part of these financial statements

G&S Minerals, Inc. & Subsidiary
Consolidated Statements of Operations

	For the Twelve Months Ended December 31,	
	2007	2006
Operating Expenses		
Research and Development	-	3,500
General & Administrative	416,908	333,137
Stock Based Compensation	2,494,966	3,719,500
Total Operating Expenses	2,911,874	4,056,137
Operating Income (Loss)	(2,911,874)	(4,056,137)
Other Income (Expense)		
Debt Forgiveness	113,408	-
Loss on Joint Venture	(710,000)	-
Impairment of Merger Goodwill	(11,628,210)	-
Interest Expense	(167,147)	(228,147)
Total Other Income (Expense)	(12,391,949)	(228,147)
Net Income (Loss) Before Income Taxes	(15,303,823)	(4,284,284)
Provision for Income Taxes	-	-
Net Income (Loss)	\$ (15,303,823)	\$ (4,284,284)
Net Income per Share		
Basic	\$ (0.20)	\$ (0.18)
Diluted	\$ (0.20)	\$ (0.18)
Number of Shares Used in Per Share Calculations		
Basic	75,385,623	24,336,396
Diluted	75,525,623	24,476,396

The accompanying notes are an integral part of these financial statements

G&S Minerals, Inc. & Subsidiary
Consolidated Statements of Stockholders' Equity (Deficit)

	Common Stock		Additional Paid-In- Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Number of Shares	Par Value (\$0.001) Amount			
Balance at December 31, 2005	48,903	\$ 49	\$ 3,041,093	\$ (6,215,041)	\$ (3,173,899)
Common Stock Issued to Investors for Cash	837,000	837	208,413	-	209,250
Common Stock Issued to Officers for Services	10,176,000	10,176	2,698,824	-	2,709,000
Common Stock Issued for Services	4,600,000	4,600	1,005,900	-	1,010,500
Common Stock Issued for Merger	44,813,282	44,813	11,042,637	-	11,087,450
Common Stock Issued for Debt Conversion	1,000,000	1,000	249,000	-	250,000
Net Loss	-	-	-	(4,284,284)	(4,284,284)
Balance at December 31, 2006	61,475,185	\$ 61,475	\$ 18,245,867	\$ (10,499,325)	\$ 7,808,017
Common Stock Issued to Officers for Services	1,250,000	1,250	273,750	-	275,000
Common Stock Issued for Services	12,465,292	12,466	2,207,501	-	2,219,967
Common Stock Issued for Joint Venture	3,000,000	3,000	657,000	-	660,000
Common Stock Issued for Merger	1,990,201	1,990	538,770	-	540,760
Common Stock Issued for Debt Conversion	3,900,000	3,900	776,600	-	780,500
Net Loss	-	-	-	(15,303,823)	(15,303,823)
Balance at December 31, 2007	84,080,678	\$ 84,081	\$ 22,699,488	\$ (25,803,148)	\$ (3,019,579)

The accompanying notes are an integral part of these financial statements

G&S Minerals, Inc. & Subsidiary

Consolidated Statements of Cash Flows

	For the Twelve Months Ended December 31,	
	2007	2006
Cash Flows from Operating Activities		
Net Income (Loss)	\$ (15,303,823)	\$ (4,284,284)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock Related Compensation Expense	2,494,966	3,719,500
Loss on Joint Venture	660,000	-
Impairment of Merger Goodwill	11,628,210	-
Depreciation & Amortization	540	-
Changes in operating assets and liabilities:		
Accounts Payable and Accrued Expenses	354,375	237,423
Accrued Interest	165,414	(244,582)
Net Cash Used in Operating Activities	(318)	(571,943)
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(2,159)	-
Net Cash Used in Investing Activities	(2,159)	-
Cash Flows from Financing Activities		
Proceeds from Convertible Notes	23,227	366,614
Common Stock Issued for Cash	-	209,250
Net Cash Provided by Financing Activities	23,227	575,864
Net Increase (Decrease) in Cash	20,750	3,921
Cash Beginning of Period	4,413	492
Cash End of Year	\$ 25,163	\$ 4,413
Supplemental Disclosure of Cash Flow Information:		
Cash Paid during the period for interest	\$ -	\$ -
Cash Paid during the period for income taxes	-	-
Supplemental Disclosure of Non-Cash Items:		
Common Stock Issued for Joint Venture	\$ 660,000	\$ -
Common Stock Issued for Merger	540,760	11,087,450
Common Stock Issued for Debt Conversion	780,500	250,000

The accompanying notes are an integral part of these financial statements

G&S Minerals, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization, Business & Operations

G&S Minerals Inc., previously Hot Brands, Inc. dba Gold & Silver Minerals is a growing mining company focused on acquiring and developing high quality, low risk resource prospects. The company is aggressively pursuing opportunities to develop working interests in mineral properties that offer short time to production as well as significant upside exploration potential. By leveraging an extensive network of industry contacts, management expertise, smart acquisitions and a strong market for minerals, G&S Minerals is working to build rapid asset growth, near-term cash flow, market interest and shareholder value. G&S Minerals trades on the OTC PK as "GSML."

The Company was incorporated in the State of Nevada as ProQuest, Inc. in 1983.

Note 2 - Going Concern and Management's Plans

The Company's primary source of operating funds since inception has been provided through note and equity financing. The company intends to raise additional capital through private debt and equity investors. At December 31, 2007, the Company had a stockholders' deficit of \$3,019,579 and a working capital deficit of \$3,021,198. The Company no revenues and incurred a net loss of \$15,303,823 during the year ended December 31, 2007.

Management has taken steps to improve the Company's liquidity by raising funds and seeking revenue sources through the development of products through which the Company may generate revenue. There can be no assurance that the Company will be successful in these endeavors and therefore may have to consider other alternatives.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. However, the above matters raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3 - Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying consolidated financial statements for the year ended December 31, 2007 and 2006 include the accounts of G&S Minerals, Inc. and the now defunct Hot and Now, Inc. subsidiary. All significant inter-company accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentrations of Credit Risk - Cash

The Company maintains its cash with various financial institutions, which may exceed federally insured limits throughout the period.

Inventories

Inventories are stated at the lower of cost or market. Cost is computed on a weighted-average basis, which approximates the first-in, first-out method; market is based upon estimated replacement costs

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NOTES TO FINANCIAL STATEMENTS

Marketable Securities Available for Sale

The Company evaluates its investment policies and the appropriate classification of securities at the time of purchase consistent with Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain investments in Debt and Equity Securities," at each balance sheet date and determined that all of its investment securities are to be classified as available-for-sale. Available-for-sale securities are carried at fair value, with the unrealized gains and losses, net of tax, reported in stockholders' deficiency under the caption "Accumulated Other Comprehensive Loss". Realized gains and losses and declines in value judged to be other than-temporary on available-for-sale securities are included in net gain on sale of marketable securities. The cost of securities sold is based on the specific identification method. The Company held no Marketable at December 31, 2007 and 2006.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives, generally three to seven years. Leasehold improvements are amortized over the shorter of the useful life or the remaining lease term. Upon retirement or other disposition of these assets, the cost and related accumulated depreciation are removed from the accounts and the resulting gains or losses are reflected in operations. Expenditures for maintenance and repairs are charged to operations as incurred. Renewals and betterments are capitalized.

Impairment of long-lived assets

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations for a Disposal of a Segment of a Business." The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with SFAS 144. SFAS 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal.

Basic and Diluted Net Income per Share

Basic earnings per share is calculated using the weighted-average number of common shares outstanding during the period without consideration of the dilutive effect of stock options and convertible preferred stock. Diluted earnings per share is calculated using the weighted-average number of common shares outstanding during the period after consideration of the dilutive effect of stock options and convertible preferred stock.

Stock-based compensation

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123(R), Share-Based Payment. This pronouncement amends SFAS No. 123, Accounting for Stock-Based Compensation, and supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees. SFAS No. 123(R) requires that companies account for awards of equity instruments issued to employees under the fair value method of accounting and recognize such amounts in their statements of operations. Under SFAS No. 123(R), we are required to measure compensation cost for all stock-based awards at fair value on the date of grant and recognize compensation expense in our consolidated statements of operations over the service period that the awards are expected to vest.

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of SFAS 123(R) and the Emerging Issues Task Force consensus in Issue No. 96-18 ("EITF 96-18"), "Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring or in

G&S Minerals, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS

Conjunction with Selling, Goods or Services". Common stock issued to non-employees in exchange for services is accounted for based on the fair value of the services received.

Fair value of financial instruments

Statement of financial accounting standard No. 107, Disclosures about fair value of financial instruments, requires that the Company disclose estimated fair values of financial instruments. The carrying amounts reported in the statements of financial position for current assets and current liabilities qualifying as financial instruments are a reasonable estimate of fair value.

Revenue recognition

Sales of products and related costs of products sold are recognized when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the price is fixed or determinable and (iv) collectability is reasonably assured. These terms are typically met upon shipment of product to the customer. Consulting revenue is recognized when earned based upon contract stipulations and deliverables.

Allowance for doubtful accounts

We provide an allowance for estimated uncollectible accounts receivable balances based on historical experience and the aging of the related accounts receivable. As of December 31, 2007 and 2006 the Company has no reserve for doubtful accounts.

Advertising

The Company expenses advertising costs as incurred. There were no Advertising costs for the years ended December 31, 2007 and 2006.

Income Taxes

The Company accounts for income taxes using the liability method as required by Statement of Financial Accounting Standards ("FASB") No. 109, Accounting for Income Taxes ("SFAS 109"). Under this method, deferred tax assets and liabilities are determined based on differences between their financial reporting and tax basis of assets and liabilities. The Company was not required to provide for a provision for income taxes for the periods ended December 31, 2007 and 2006, as a result of net operating losses incurred during the periods. As of December 31, 2007, the Company has available approximately \$25,803,000 of net operating losses ("NOL") available for income tax purposes that may be carried forward to offset future taxable income, if any. These carryforwards expire in various years through 2026. At December 31, 2007 and 2006, the Company has a deferred tax asset of approximately \$10,277,000 and \$4,182,000, relating to the Company's net operating losses., respectively. The Company's deferred tax asset has been fully reserved by a valuation allowance since realization of its benefit is uncertain. The Company's ability to utilize its NOL carryforwards may be subject to an annual limitation in future periods pursuant to Section 382 of the Internal Revenue Code of 1986, as amended.

The provision for income taxes using the federal and state tax rates as compared to the Company's effective tax rate is summarized as follows:

	December 31,	
	2007	2006
Statutory Federal Tax (Benefit) Rate	-34%	-34%
Statutory State Tax (Benefit) Rate	-6%	-6%
Effective Tax (Benefit) Rate	-40%	-40%
Valuation Allowance	40%	40%
Effective Income Tax	0%	0%

G&S Minerals, Inc. and Subsidiary
NOTES TO FINANCIAL STATEMENTS

Significant components of the Company's deferred tax assets at December 31, 2007 and 2006 are as follows:

	December 31,	
	2007	2006
Net Operating Loss Carryforward	\$ 10,277,394	\$ 4,181,881
Valuation Allowance	(10,277,394)	(4,181,881)
Net Deferred Tax Asset	\$ -	\$ -

Research and development costs

Expenditures for research & development are expensed as incurred. Such costs are required to be expensed until the point that technological feasibility is established. The Company incurred \$0 and \$3,500 in research and development costs during the years ended December 31, 2007 and 2006, respectively.

Reclassifications

Certain items in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current period's presentation. These reclassifications have no effect on the previously reported income (loss).

Recently Issued Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations (FAS 141(R)). This Statement provides greater consistency in the accounting and financial reporting of business combinations. It requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose the nature and financial effect of the business combination. FAS 141(R) is effective for fiscal years beginning after December 15, 2008. We will adopt FAS 141(R) no later than the first quarter of fiscal 2010 and are currently assessing the impact the adoption will have on our financial position and results of operations.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements (FAS 160). This Statement amends Accounting Research Bulletin No. 51, Consolidated Financial Statements, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. FAS 160 is effective for fiscal years beginning after December 15, 2008. We will adopt FAS 160 no later than the first quarter of fiscal 2010 and are currently assessing the impact the adoption will have on our financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, which permits entities to choose to measure at fair value eligible financial instruments and certain other items that are not currently required to be measured at fair value. The standard requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We will adopt SFAS No. 159 no later than the first quarter of fiscal 2009. We are currently assessing the impact the adoption of SFAS No. 159 will have on our financial position and results of operations.

In September 2006, the FASB issued SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R). SFAS No. 158 requires company plan sponsors to display the net over- or under-funded position of a defined benefit postretirement plan as an asset or liability, with any unrecognized prior service costs, transition obligations or actuarial gains/losses reported as a component of other comprehensive income in shareholders' equity. SFAS No. 158 is effective for fiscal years ending after December 15, 2006. We adopted the recognition provisions of

G&S Minerals, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS

SFAS No. 158 as of the end of fiscal 2007. The adoption of SFAS No. 158 did not have an effect on the Company's financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements . SFAS No. 157 establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements. However, the application of SFAS No. 157 may change current practice for some entities. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We will adopt SFAS No. 157 in the first quarter of fiscal 2009. We are currently assessing the impact that the adoption of SFAS No. 157 will have on our financial position and results of operations.

In July 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109 (FIN 48). This interpretation clarifies the application of SFAS No. 109, Accounting for Income Taxes , by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an enterprise's financial statements and also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006, but earlier adoption is permitted. The Company is in the process of evaluating the impact of the application of the Interpretation to its financial statements.

Note 4 - Property and Equipment

At December 31, 2007 and 2006, property and equipment are comprised of the following:

	December 31,	
	2007	2006
Computer Equipment	\$ 2,159	\$ -
Less: Accumulated Depreciation	(540)	-
Net Property & Equipment	<u>\$ 1,619</u>	<u>\$ -</u>

Depreciation and amortization for the year ended December 31, 2007 and 2006, was \$540 and \$0, respectively.

Note 5 – Investment & Loss on Joint Venture

On October 31, 2006, G&S Minerals, Inc. entered into a Joint Venture with Tara Gold Resources Corp. on an Option Agreement on the La Millionaria property. The La Millionaria property consists of four mining concessions that total 875 hectares, including formerly-producing gold mines. The property is located in SW Chihuahua in the Sierra Madre Occidental gold-silver belt where other gold/silver exploration projects are ongoing. The area has numerous mines and recent substantial discoveries. About 8 miles to the SE is the 170,000 ounce/year El Sauzal mine, Glamis Gold's (NYSE:GLG) newest and largest gold mine. Gammon Lake Resource's (AMEX:GRS) Ocampo Gold-Silver Project is approx. 48 miles to the North projecting annual production of 270,000 ounces gold-equivalent ounces. 12 miles away Palmarejo (TSXV:PJO) is developing the nearby Palmarejo mine and has acquired ground surrounding San Miguel. Palmarejo has announced an inferred resource of 3.1 million ounce gold equivalent on their property. The deal structure was for G&S Minerals to earn up to a 55% interest in the La Millionaria property by making certain payments to Tara Gold, issuing 7,000,000 shares, making all remaining underlying payments, and by spending a minimum of \$3.0 million over two and a half years.

On June 28, 2007 the Company announced that this agreement was dissolved and that neither G&S Minerals nor Tara Gold Resources Corp. will hold any claim of gain or liability, now or in the future, regarding the option agreement and its mutual dissolution.

G&S Minerals, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS

During 2007 the Company issued 3,000,000 shares totaling \$660,000 and \$50,000 in cash was paid to Tara Gold. As of December 31, 2007, no shares from this transaction were cancelled nor were the monies provided to Tara Gold returned. At December 31, 2007, the Company fully impaired this investment totaling \$710,000.

Note 6 – Goodwill & Impairment of Merger Goodwill

In 2006, the Gold & Silver Minerals, Inc., renamed G&S Minerals, Inc., merged with Hot Brands, Inc. During 2006 and 2007, the Company issued a total of 46,803,483 shares to Hot Brands shareholders and debtors totaling \$11,628,210. At December 31, 2007, the Company fully impaired this investment.

Note 7 – Accounts Payable and Accrued Expenses

At December 31, 2007 and 2006, accounts payable and accrued expenses are comprised of the following:

	December 31,	
	2007	2006
Accrued Officer Compensation	\$ 235,333	\$ 93,333
Accrued Consultant Compensation	\$ 360,000	180,000
Legal Fees	50,000	30,000
Accounting & Audit Fees	25,000	-
Stock Transfer Agent	2,375	2,000
Other Accrued Expenses	8,462	21,462
Total Accounts Payable and Accrued Expenses	<u>\$ 681,170</u>	<u>\$ 326,795</u>

Note 8 – Convertible Notes Payable

As of December 31, 2007, the Company had 20 convertible notes payable to 6 parties totaling \$216,426. These notes carry a 10% interest rate per annum, are due one year from issuance and are convertible into common shares at conversion price of \$0.10. These notes are all past due and are in default. Interest payable on these notes is included accrued interest.

As of December 31, 2007, the Company had 6 convertible notes payable to a Consultant totaling \$1,693,000. These notes carry a 10% interest rate per annum, are due one year from issuance and are convertible into common shares at market price on the date of conversion. At December 31, 2007, notes totaling \$28,000 are past due and are in default. Interest payable on these notes is included in accrued interest. The note dated June 10, 2005 for \$1,825,000 is secured by all the Company assets. During 2007, the Consultant converted \$160,000 of debt for 1,000,000 common shares.

Note 9 – Warrants

During 2006 the Company entered into private placement agreements in which each unit purchased entitled the holder to one common share and one share purchase warrant exercisable at \$1.00 per share exercisable within two years. A total of 140,000 share purchase warrants were provided.

During the year ended December 31, 2007, the share purchase warrants outstanding were as follows:

Number of Warrants	140,000
Exercise Price	\$1.00
Expiry Date	June 25, 2008

The fair value of the share purchase warrants issued during the period ended December 31, 2007, was in the amount of \$0, which was determined using the Black-Scholes option value model with the following assumptions:

Expected Dividend Yield	0.00%
Risk Free Interest Rate	3.00%
Expected Volatility	66.00%

G&S Minerals, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS

Expected Option Life (in years average) 2.0

Note 11 – Stockholders' Equity/Deficiency

Preferred Stock

The authorized capital stock of the Company consists of 600,000 shares designated as Series A 5% Convertible Preferred Stock at a par value of \$0.001. At December 31, 2007 and 2006, there were no shares issued and outstanding.

Common Stock

The authorized common stock of the Company consists of 150,000,000 shares at a par value of \$0.001. At December 31, 2007 and 2006, 84,080,678 and 61,475,185 shares issued and outstanding, respectively.

During 2007, the Company issued 22,605,493 shares of which 1,250,000 shares to Officers for services totaling \$275,000, 12,465,292 shares were issued to non-affiliated individuals for services totaling \$2,219,967, 3,000,000 shares were issued in conjunction with a Joint Venture totaling \$660,000, 1,990,201 shares were issued as part of the Merger with Hot Brands totaling \$540,760 and 3,900,000 shares were issued for debt conversion totaling \$780,500.

During 2006, the Company issued 61,426,282 shares of which 837,000 were issued to investors for cash totaling \$209,250, 10,176,000 shares to Officers for services totaling \$2,709,000, 4,600,000 shares were issued to non-affiliated individuals for services totaling \$1,010,500, 44,813,282 shares were issued as part of the Merger with Hot Brands totaling \$11,087,450 and 1,000,000 shares were issued for debt conversion totaling \$250,000.

The Company issued shares of common stock in unregistered transactions during fiscal years 2005, 2006 and 2007. All of the following shares of common stock issued were non registered transactions in reliance on Section 4 (2) of the Securities Act of 1933, as amended (the "Securities Act"). The shares of common stock issued were as follows:

Note 12 – Commitments & Contingencies

Private Equity Agreement

On December 31, 2007, the Company entered into a Private Equity Credit Agreement whereby the Company shall issue and sell to an Investor \$2,000,000 of restricted common stock at a 50% discount to current market pricing. This agreement is in effect for one year.

Employment/Consulting Agreements

In September 2006, the Company entered into Consulting and Advisory Agreement with Allan James Group (AJG), whereby AJG would provide brokerage, investment banking and investor relations services in the European marketplace. The term of this agreement was three months but has been extended and is still in effect. Compensation for the agreement is 50,000 free trading shares, 150,000 restricted shares plus time and expense monthly payments.

On June 1, 2006, the Company entered into a five year Executive Consulting Agreement with the President/CEO. Under this agreement, the President/CEO will be paid \$160,000 annually. As of December 31, 2007, \$235,333 was due to this consultant and is included in accrued expenses.

On January 1, 2006, the Company entered into a five year Executive Consulting Agreement with a Consultant. Under this agreement, the Consultant will be paid \$180,000 annually. As of December 31, 2007, \$360,000 was due to this consultant and is included in accrued expenses.

Lease Agreements

The Company currently does not lease any facilities.

G&S Minerals, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS

Note 14 - Subsequent Events

Consulting Agreement

On February 1, 2008, the Company entered into Executive Consulting Agreement with the Business Consultant and Administrative Officer. Under this agreement, the Business Consultant and Administrative Officer will be paid \$5,000 monthly with a two month term renewing automatically if either party does not provide written notice to terminate.

Convertible Notes

On March 20, 2008, the Company received \$15,000 in a convertible promissory note. This note carries a variable monthly interest rate equal to the Federal Funds Rate and matures on the earlier of March 31, 2009 or the completion of an underwritten public offering that generates an aggregate amount equal to or greater than \$10,000,000. The note principle and interest may be converted into shares of common stock at \$0.05 per share.

On April 30, 2008, the Company received \$15,000 in a convertible promissory note. This note carries a variable monthly interest rate equal to the Federal Funds Rate and matures on the earlier of March 31, 2009 or the completion of an underwritten public offering that generates an aggregate amount equal to or greater than \$10,000,000. The note principle and interest may be converted into shares of common stock at \$0.05 per share.

Litigation

On February 26, 2008, the Company has filed a lawsuit against Gary Trump ("Trump") and The Financial Globe.com, Inc. dba Kaiden-Daniel ("K-D") seeking damages and injunctive relief for breach of contract arising out of an agreement to provide investor relations and identity branding services to the Company. On June 16, 2008, a default judgment in favor of the Company was entered into the Circuit Court of Brevard County, Florida but did not specify damages awarded. The Company is waiting on the Court to specify awarded damages.

Equity

Subsequent to December 31, 2007, the Company issued 7,850,000 common shares of which received 750,000 shares were issued to investors fro cash, 6,600,000 shares were issued for debt conversion and 500,000 shares were issued for services.

On July 7, 2008, the Company authorized the cancellation of 12,450,000 shares and submitted the documentation to their transfer agent. Of these shares 3,000,000 relate to the dissolvment of the La Millionaria Groupings Joint Venture which occurred June 27, 2007. The remaining 3,450,000 were shares cancelled for services not performed during 2006 and 2007.