

# **SENNEN RESOURCES LTD.**

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**REVISED AND RESTATED RENEWAL AIF  
ORIGINALLY DATED AND FILED JANUARY 03, 2002  
DATE OF REVISION JULY 21, 2003**

**NATIONAL INSTRUMENT 44-101.F1  
SHORT FORM PROSPECTUS DISTRIBUTIONS  
FORM 44-101.F1  
AIF**

## **ITEM 2: CORPORATE STRUCTURE**

### **2.1 Name and Incorporation**

Sennen Resources Ltd. (the “Issuer”) was incorporated by Memorandum and Articles under the Company Act of the Province of British Columbia, Canada, on September 10, 1981 under the name of “Gonzales Oil Search Inc.” with an authorized share capital of 10,000,000 Common Shares without par value. On May 03, 1983, Gonzales Oil Search Inc. changed its name to ‘Gonzales Gold Mines Ltd.’ with an authorized share capital of 10,000,000 without par value. The name of Gonzales Gold Mines Ltd. was changed to “Osito Ventures Ltd.” on October 09, 1991 with the authorized capital changed to 20,000,000 Common Shares without par value. On August 08, 1997, Osito’s name was changed to “Sennen Resources Ltd.” with an authorized capital of 20,000,000 Common Shares without par value. On July 29, 1998 Sennen Resources Ltd. increased its authorized share capital from 20,000,000 shares without par value to 100,000,000 shares without par value. On August 24, 1998 the authorized capital of Sennen Resources Ltd. was decreased from 100,000,000 to 99,711,539 Common Shares without par value.

### **2.2 Intercorporate Relationships**

Sennen Resources (Barbados) Ltd. – 100% owned  
Incorporated under the laws of Barbados.

## **ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS**

The Common Shares of Sennen Resources Ltd. (“SN”) were called for trading on the Vancouver Stock Exchange on August 8, 1997. In November 1999, the Vancouver and Alberta Stock Exchanges merged to create the Canadian Venture Exchange and then in April of 2002 that Exchange was renamed the TSX Venture Exchange where Sennen now trades under the symbol “SN”.

### **3.1 Three Year History**

Over the course of the past three years the Company has maintained a 100% interest in its core projects consisting of three large coal deposits in Queensland, Australia. In March of 2003, the Company announced that it had entered into an agreement to acquire an option to purchase the shares of Makapa Mining Inc. (“Makapa”), a Guyana company that owns mineral rights over 803,410 acres in north western Guyana.

In January 1998, the Company announced that, through its Barbados registered subsidiary, Sennen Resources (Barbados) Ltd., it had acquired a 100% interest in three coal deposits in Queensland, Australia and that a regional office would be set up in Queensland to manage the ongoing technical studies for all three coal deposits.

In April 2000, The London Financial Times reported that rising freight rates were threatening the competitiveness of Australian coal, and that increased efficiencies in the Chinese coal industry and huge spare capacity made China a formidable competitor in the region.

It was because of this situation that the Company began examining other business opportunities, and in August 2000 management reported that it had reached an agreement to acquire a 100% interest in Safexplorer.com, a multi-user software browser. Further to this announcement the Company reported that it would not proceed with the Safexplorer acquisition, this decision being based on the dramatic downturn in the high tech sector and an unfavourable climate for capital raising.

In August 2001, the Issuer filed a \$350,000 lawsuit whereby Sennen claimed that as part of the proposed acquisition it had advanced \$350,000 to Safexplorer between August 30 and October 18, 2000 and that once the acquisition had been terminated none of the advances had been repaid, despite demands dating back to November 2000.

The order filed in the Supreme Court of British Columbia against Safexplorer Software Corp. for their failure to repay the loan advanced by Sennen was heard in court by Master Donaldson who granted judgement against the Defendants (Safexplorer) in the amount of \$361,802.47 together with the costs of the action.

In the process of examining other business opportunities in the resource sector the Company acquired an option to purchase the shares of Makapa Mining Inc. ("Makapa") a Guyanan Company that owns the mineral rights over 803,410 acres in northwestern Guyana. The acquisition of the Five Star Geological and Geophysical Survey Permit covering 764,000 acres, and the Makapa Prospecting Licence covering 2,400 acres will be through the acquisition of 100% of the shares in Makapa Mining Inc. ("MMI") from Makapa Minex Inc. ("Minex"), a company incorporated in the British Virgin Islands.

Sennen maintains its interests in its core projects located in Queensland, Australia, however the development of these three large thermal coal deposits has been curtailed at this time.

### **3.2 Significant Acquisitions and Significant Dispositions**

In January 1998 the Issuer announced the acquisition of a 100% interest in three large coal deposits in Queensland, Australia. All three, being the Onaview, Middlemount and Collingwood deposits, are located in established coalfields in central and southern Queensland and all contain Measured and Indicated coal reserves, as established from extensive drilling and coal analysis. These, and other similar projects, came into play with the deregulation of the Queensland power industry and the freeing up of the energy sector to private enterprise.

Sennen Resources formed a Barbados subsidiary to hold the acquired interest and acquired the shares of the Australian Company that held the rights and titles to the properties. The total consideration paid was Cdn\$1.4 million and the issuance of 8 million common shares

of the Company. These shares were subject to a one-year hold. The value of the shares at the time was deemed to be Cdn\$0.48. The total value of the consideration is Cdn\$5.25 million.

The three coal deposits are summarized as follows:

**The Onaview** open cut coal deposit (EPC-594) is located approximately 10km north of Dalby in southern Queensland, which is connected by a paved highway and rail line to Brisbane, some 210km to the east. The Tarong power station lies approximately 75km to the northeast of Onaview. Extensive work conducted by the Shell Company of Australia reported that the Onaview Deposit contains 172 million tonnes of recoverable, high volatile coal seams with thicknesses that range from 4 to 8m. One area in the central part of the deposit contains 52.6 million tonnes with a strip ratio of 5 to 1 and an average seam thickness of 7.1m. The coal resource and quality is similar to that at Wilkie Creek, a coal mine held and operated by Allied Queensland Coalfields N.L.

**The Collingwood Deposit** (EPC A640) covers an area 115km<sup>2</sup> and is located in southeast Queensland, about 15km northeast of Wandoan, which is connected to Brisbane by a railway line, a distance of approximately 405km. According to the Queensland Department of Mines and Energy resource figures published in the Queensland Government Mining Journal (September 1995), the Collingwood coal deposit contains 85 million tonnes of measured, and 30 million tonnes of indicated, open-cut coal reserves with a strip ratio of between 5 to 1 and 7.5 to 1. The coal deposit consists of high volatile, low sulphur, thermal coal and could be marketed locally as raw coal, or easily beneficiated to a low ash export product.

**The Middlemount Block** (EPC-597) is located in Queensland approximately 700km northwest of Brisbane in Queensland's Bowen Basin and contains both open-cut and underground reserves of thermal and coking coal. The Booroondara area within EPC-597 is reported by Shell to contain a total of 254 million tonnes of coal with all seams taken into account, with 113.3 million tonnes of low to medium volatile, low sulphur, bituminous coal occurring in two seams, each over 4m thick, with 31.1 million tonnes occurring in the two seams at less than 100m depth. The area proposed for an initial open-cut contains 7.7 million tonnes that can be mined from three open-cuts using a dragline operation; the remainder being amenable to underground mining. The Middlemount-Booroondara coal deposits are adjacent to those of German Creek Colliery, which operates both open-cut and underground coalmines. Infrastructure in the Middlemount area is excellent, and includes townships, roads and rail lines. Middlemount is less than 200km south of the Dalrymple Bay/Hay Point deep-water harbour and load-out terminal.

Based on the documented reserves in the three deposits, and using an ascribed value of only A\$0.10/tonne for only the Measured Resource, and zero value for the Indicated and Inferred resources, the value of these deposits is estimated by the Issuer to be A\$37 million (Cdn\$35 million). In 1998, ten BLM Coal Land Sales in the U.S. had an average price/recoverable tonne of coal of A\$0.43 for an undeveloped resource, inclusive of all coal in the Measured Category.

Queensland is the largest single coal-exporting province in the world and in 1995-6 produced 94 million tonnes of saleable coal, of which 18 million tonnes was for domestic use and 76m tonnes for export. A 41% increase in coal exploration occurred from 1996 to 1998 and

much of this had come from the rapidly developing demand for thermal coal as a result of power needs. As part of the renewed activity, known coal deposits were being re-evaluated in light of new contract mining scenarios and Queensland rapidly emerged as one of the most important suppliers of thermal coal in the world. The operating costs of Queensland's coalmines made them extremely competitive, with some of the lowest production costs in the world.

In September 1998 the Issuer announced that it had completed a non-brokered Private Placement for 1,500,000 units at Cdn\$0.15 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant entitled the holder to purchase an additional share for two years at Cdn\$0.15 per share in the first year and \$0.18 per share in the second year. The proceeds of \$225,000 were used for working capital purposes.

In August 2000 the Issuer announced that it had entered into an Agreement with @Kids Corporation to acquire 100% of the shares of Safexplorer Software Corporation, a B.C. incorporated company. Safexplorer's product was a secure, multi-user Internet browser customized to fit the needs of many household users while providing security for children on-line.

Under the terms of the Agreement, dated August 21, 2000, the Company was to acquire 100% interest in Safexplorer for the following terms and conditions:

- a) A payment of Fifty Thousand U.S. Dollars (U.S. \$50,000) to @Kids Corporation;
- b) The Issuance of Twelve million (12,000,000) common shares of the Company subject to the rules and provisions of the CDNX and/or any other regulatory authority that govern the issuance of the shares;
- c) The Company agreed to complete a capital raising of a minimum of Cdn\$3.0 million, the capital raising to be part of the requirement for completion;
- d) The Company agreed to arrange interim financing for Safexplorer during September and October 2000 up to a maximum of Cdn\$125,000 for each month, each amount to be paid on September 5<sup>th</sup> and October 2<sup>nd</sup> respectively;

In October 2000, the Issuer announced that due to prevailing market conditions, the Board of Directors of the Company considered the dilution resulting from the proposed acquisition and financing, if completed at the time, would not be in the best interests of the current shareholders of the Company. The Issuer reported that it regretted market conditions were such that it could no longer proceed with the acquisition of Safexplorer and that it would continue to review other opportunities in an effort to maximize shareholder value.

In February 2001, the Company announced that it had closed a non-brokered Private Placement for 1,100,000 units at a price of Cdn\$0.22 per unit for total proceeds of Cdn\$242,000. Each unit comprised of one common share and one non-transferable share purchase warrant entitling the holder to purchase one additional share for two years at a price of Cdn\$0.29 per share.

In August 2001, the Issuer filed a \$350,000 lawsuit whereby Sennen claimed it had advanced \$350,000 to Safexplorer between August 30 and October 18, 2000 and that none of the advances had been repaid, despite demands dating back to November 2000.

The order filed in the Supreme Court of British Columbia against Safexplorer Software Corp. for their failure to repay the loan advanced by Sennen as part of the proposed acquisition was heard in court by Master Donaldson who granted judgment against the Defendants (Safexplorer) on October 19, 2001 in the amount of \$361,802.47 together with the costs of the action.

In January 2002 the Company announced that it had closed a non-brokered private placement, and issued 1,000,000 units at a price of Cdn\$0.20 per unit for total proceeds of Cdn\$200,000. Each unit comprised of one common share and one non-transferable share purchase warrant entitling the holder to purchase one additional share for two years at a price of Cdn40.25 per share.

In March 2003 the Company announced that through its wholly owned subsidiary, Sennen Resources (Barbados) Ltd., it had entered into an agreement to acquire an option to purchase the shares of Makapa Mining Inc. ("Makapa"), a Guyana company that owns mineral rights over 803,410 acres in north western Guyana. The acquisition of the Five Star Geological and Geophysical Survey Permit covering 764,000 acres, and the Makapa Prospecting Licence covering 2,500 acres would be through the acquisition of 100% of the shares in Makapa Mining Inc. ("MMI") from Makapa Minex Inc. ("Minex"), a company incorporated in the British Virgin Islands.

The Five Star/Makapa Mining Project is located in northwest Guyana, adjacent to the border with Venezuela. The property, like most of the known gold deposits discovered in the region, lies immediately north of the most significant structural corridor of the Guiana Shield, the Central Guiana Shear Zone, and its western expression in Guyana, the Makapa–Kuribrong Shear Zone. The presence of several intrusions mapped within the greenstone sequences at Makapa and their proximity to major structures are key to the discovery of large tonnage gold deposits in Guyana such as Omai.

Approximately US\$7,000,000 was expended on the concession in the mid 1990's and a vast amount of technical data was accumulated. The Company conducting technical due diligence on these data for over four months prior to the agreement in order to evaluate the technical merits of the project and to determine an appropriate valuation for acquisition purposes.

The acquisition will be through the purchase of 100% of the shares in Makapa by Sennen Resources (Barbados) Ltd. from Makapa Minex Inc. ("Minex"). The terms of the acquisition of the Makapa shares are as follows;

(a) A payment of Fifty Thousand United States Dollars (US\$50,000) to be paid on approval of the transaction by the TSX Venture Exchange (the "Exchange"); and

(b) Fifteen Million (15,000,000) common shares of Sennen to be issued to the shareholders of Minex, the three shareholders of Minex each receiving five million (5,000,000) shares, subject to the rules and provisions of the Exchange and/or any other regulatory restrictions that may apply.

(c) The Company must complete a Private Placement to raise at least Three Million (3,000,000) Canadian dollars prior to completion in order to meet the estimated costs of work programs in the first year.

The shares issued will be by staged release over time based on expenditures on the concession as follows:

- (i) Three Million (3,000,000) shares (20%) within 10 days of approval by the Exchange.
- (ii) Three Million (3,000,000) shares after expenditures of US\$2,000,000.00.
- (iii) Three Million (3,000,000) shares after expenditures of US\$4,000,000.00 or after 2 years, whichever is the earliest.
- (iv) Six Million (6,000,000) shares after expenditures of US\$6,000,000.00, or after 3 years, whichever is the earliest.

There are no finders fee applicable for this transaction.

One of the vendors, Mr. Hilbert Shields, will be appointed to the Board of Directors and Vice President, Operations of the Company. Mr. Shields is a highly qualified geologist with over twenty years experience in prospecting, exploration and property acquisitions and development in the Guiana Shield region of South America. He is regarded as an expert on the geology of the Guiana Shield and has designed and managed several successful exploration campaigns in the region.

The Company retained a Qualified Person to prepare a 43-101 Technical Report and a valuation suitable for the Exchange transaction approval process. Contents of his report will be included in the Company's revised Annual Information Form once it has been received and approved by the TSX Venture Exchange.

On May 7<sup>th</sup> the Company announced that it had arranged for a non-brokered Private Placement for 8 million units at \$0.40 per unit to raise DCN\$3,200,000. Each unit was to consist of one common share and one share purchase warrant to entitle the holder to purchase one additional share for \$0.50 for a period of two years.

Proceeds of the private placement were to be used for exploration in 2003 and 2004 on the Five Star/Makapa gold project in Guyana. At the time of this Annual Information Form the private placement had not completed.

### **3.3 Trends**

The proposed acquisition of the Makapa project is a significant event in the affairs of the Company as it represents one of the most desirous exploration concessions in the Guiana Shield region of South America where several gold deposits have already been discovered in Guyana (Omai), in Venezuela (La Cristinas and La Camorra) and in Surinam (Gros Rosebel).

The Company continues to retain its core assets, which comprise three coal deposits in Queensland Australia. However, the exploration of the Makapa project in Guyana will be the main focus of the Company in the near term.

## **ITEM 4. Narrative Description of the Business**

### **4.1 General**

In January 1998 the Issuer acquired, with purpose of developing, a 100% interest in three large coal deposits in Queensland, Australia. These acquisitions were made shortly before the Queensland government's announcement of the country's largest export infrastructure development, which would have had a very positive impact on the value of the acquisition. However, in the fall of 1999, heavy competition between Australian, South African and Indonesian coal exporters drove the spot prices of thermal coal to their lowest level in more than 20 years. The price slide marked a sudden reversal from the first half of 1999 when the spot thermal coal market in Asia was steadily firming, due to Australian exporters switching coal shipments away from the depressed Asian market to Europe. As supplies hit Europe, the European thermal coal market slipped and South African and Australian supplies were re-diverted back into Asia. The impact on the Asian market was clear.

In April 2000, an article in the Financial Times (London) reported that rising freight rates were threatening the competitiveness of Australia, the world's largest coal exporter. In Asia, the threat came from China. Increased efficiencies in the Chinese coal industry, including the upgrading of rail and port infrastructure, and huge spare capacity in the Chinese coal industry, made the country a formidable competitor. Exacerbating the situation was a doubling in spot ocean freight rates that year. The surge in rates reduced Australia's ability to compete with other Asian coal producers particularly Indonesia and China, which are closer to the main coal markets of Asia. Competition not only intensified in the Asian coal market but rising freight rates also made Australian thermal coal exporters' lives harder in Europe.

Although coal prices were thought to be at the bottom of their cycle in 2000 the uncertainty surrounding the future of coal had management consider investment alternatives outside the resource sector. It was due to this situation that the Issuer examined numerous business opportunities, and in August 2000 reported that it had reached an agreement to acquire a 100% interest in Safexplorer.com, a multi-user software browser. Further to this announcement the Company reported that it would not proceed with the Safexplorer acquisition, this decision being based on the dramatic downturn in the high tech sector and an unfavourable climate for capital raising. Although several shareholders expressed their disappointment with this decision subsequent events proved it to have been prudent.

It was during the proposed acquisition that the Issuer loaned funds to Safexplorer in order that they meet their commitments. However, Safexplorer did not repay the funds as required and the Issuer filed suit in August of 2001. A judgment was made against the Defendants (Safexplorer) in a Supreme Court of British Columbia hearing in October 2001.

Over the past two years it has been the Company's mandate to acquire a significant resource property with the potential to enhance shareholder value. Management feels this has been accomplished through the proposed acquisition of the Five Star/Makapa gold project in Guyana. Over the past months gold prices have continued to climb and the outlook is promising for stability in the gold price at these higher levels. The exploration of the Five Star/Makapa gold project will be the main focus of the Company in the near term.

### **4.3 ISSUERS WITH MINERAL PROJECTS**

#### **1. Property Descriptions and Location**

The Issuer's three coal projects in Australia are summarized follows:

**The Onaview** open cut coal deposit (EPC-594) is located approximately 10km north of Dalby in southern Queensland.

**The Collingwood Deposit** (EPC A640) covers an area of 115km<sup>2</sup> and is located in southeast Queensland, about 15km northeast of Wandoan.

**The Middlemount Block** (EPC-597) is located approximately 700km northwest of Brisbane, Queensland in the established coal-producing Bowen Basin, and contains both open-cut and underground reserves of thermal and coking coal.

#### **2. Accessibility, Climate, Local Resources, Infrastructure and Physiography**

The Issuer's three coal projects are summarized follows

**The Onaview Deposit** is bound to the east by a paved highway and to the west by rail line to Brisbane, some 210km to the east. The Tarong power station lies approximately 75km to the northeast of Onaview. The climatic zone is humid subtropical with hot summers and mild winters. Precipitation received is 20-40 inches November to April and 5-10 inches May through October. The physiography is semi-desert terrain with a fertile coastal plain consisting of flat to gently undulating rich thick black basalt soils with minor intermittent streams. Grain production forms the main land use on these very fertile soils.

**The Collingwood Deposit** is connected to Brisbane by a railway line, a distance of approximately 405 km. The climatic zone is humid subtropical with hot summers and mild winters. Further north it is always hot. Precipitation received is 20-40 inches November to April and 5-10 inches May through October. The physiography is semi-desert terrain with a fertile coastal plain. The main physiographic units in the area of the EPC application consist of

undulating clayey soils drained by intermittent streams in the north and poorer sandy soil areas in the southeast. Grain and cattle production (much of which is on improved pastures) are the principal forms of land use in the more fertile northern areas while cattle are grazed on the less fertile sandy soils in the southern part of the EPCA.

**The Middlemount Block** adjoins a producing coal mine with existing well-developed infrastructure. It is located 350 kilometres to the north-northwest of the Surat/Dawson Valley projects and is accessible by road. Infrastructure in the Middlemount area is excellent, and includes townships, roads and rail lines. Middlemount is less than 200km south of the Dalrymple Bay/Hay Point deep-water harbour and load-out terminal.

The climatic zone is humid subtropical with hot summers and mild winters. Further north it is always hot. Precipitation received is 20-40 inches in November to April and 5-10 inches in May through October. The physiography is semi-desert terrain with a fertile coastal plain.

### **3. History**

The coal properties were formerly owned by Shell (Australia), which conducted extensive exploration, engineering and project feasibility work. When the coal leases expired after Shell withdrew from Australia an Australian Company acquired the leases.

Effective February 1, 1998, the Company acquired through its wholly owned subsidiary, Sennen Resources (Barbados) Ltd., 100% of the shares of Huisan Inc. ("Huisan") for 8,000,000 common shares with a deemed value of \$3,840,000 and a cash payment of \$1,455,909. Huisan was 90% held by two individuals who owned 31.6% of the Company's common stock prior to the acquisition. Additionally, a director and shareholder of the Company was a director of Huisan at the time of the acquisition. Huisan has a wholly owned subsidiary, Ribfield Pty. Ltd. ("Ribfield"), which had a 100% interest in three coal deposits in the Surat-Moreton and Bowen Basins of Queensland, Australia. Huisan and Ribfield were incorporated with the sole purpose of facilitating the sale of the coal properties to the Company. The Company acquired an independent valuation report from Kjirt Exploration Services Pty. Ltd. that valued the coal properties using the data value method at \$6,500,000 Australian dollars (\$6,056,000 Canadian).

### **4. Geological Setting:**

#### **Bowen Basin Central Queensland and Moreton/Surat Basin in Southern Queensland**

The Bowen Basin formed as a result of an extensive Permian aged coal-forming period. The Basin was an area of shallow-water or terrestrial sedimentation for most of the Permian. Coals accumulated throughout most of this period, initially around the margins, but extending to cover the whole basin in the late Permian. The most favorable areas for coal were the regressive shallow water depositional sites, which are separated by transgressive sequences where non coal-bearing marine sediments or terrestrial sediments predominate. Humid conditions allowed peats to extend hundreds of kilometers inland from marine margins.

The Bowen Basin covers a triangular-shaped area of Central Queensland 600km long and up to 250km wide. Coal seams in the Basin exhibit major variations in rank and quality

reflecting both the depositional and tectonic history of the Basin. A broad trend of increasing rank from west to east is recognized. Coal along the northeastern basin margin contains semi-anthracite to low volatile bituminous deposits with relatively complex structure. Coals in the central part of the basin, such as Middlemount, are commonly medium to high volatile bituminous with relatively weak deformation. In the southwest the coal rank falls into the thermal range. In the measured and indicated resource categories the Bowen Basin is reported by the Queensland Department of Mines and Energy to contain 13.1 billion tones of coking coal and 11.8 billion tones of thermal coal.

## 5. Exploration

**Ownaview:** Extensive work conducted by the Shell Company of Australia reported that the Onaview Deposit contains 172 million tonnes of recoverable, high volatile coal seams with thicknesses that range from 4 to 8m. One area in the central part of the deposit contains 52.6 million tonnes with a strip ratio of 5 to 1 and an average seam thickness of 7.1m. The coal resource and quality is similar to that at Wilkie Creek, a coal mine held and operated by Allied Queensland Coalfields N.L.

**The Collingwood Deposit:** According to the Queensland Department of Mines and Energy resource figures published in the Queensland Government Mining Journal (September 1995), the Collingwood coal deposit contains 85 million tonnes of measured, and 30 million tonnes of indicated, open-cut coal reserves with a strip ratio of between 5 to 1 and 7.5 to 1. The coal deposit consists of high volatile, low sulphur, thermal coal and could be marketed locally as raw coal, or easily beneficiated to a low ash export product.

**The Middlemount Block** contains both open-cut and underground reserves of thermal and coking coal. The Booroondara area within EPC-597 is reported by Shell to contain a total of 254 million tonnes of coal with all seams taken into account, with 113.3 million tonnes of low to medium volatile, low sulphur, bituminous coal occurring in two seams, each over 4m thick, with 31.1 million tonnes occurring in the two seams at less than 100m depth. The area proposed for an initial open-cut contains 7.7 million tonnes that can be mined from three open-cuts using a dragline operation; the remainder being amenable to underground mining.

## 10. Mineral Resource and Mineral Reserve Estimates:

Based on the documented reserves in the three deposits, and using an ascribed value of only A\$0.10/tonne for only the Measured Resource, and zero value for the Indicated and Inferred resources, the value of these deposits was estimated by the Company to be A\$37 million (Cdn\$35 million). Ten BLM Coal Land Sales in the U.S. in 1998 had an average price/recoverable tonne of coal of A\$0.43 for an undeveloped resource, inclusive of all coal in the Measured Category.

## 12. Exploration and Development

Although the Issuer has maintained its 100% interest in its core projects located in Queensland, Australia, the development of these three large thermal coal deposits has been curtailed due to the current unfavorable climate in capital raising markets for coal development projects, caused in part by the economic downturn in Asia, particularly in Japan and South Korea, the main customers for Australian coal deposits.

## ITEM 5: SELECTED CONSOLIDATED FINANCIAL INFORMATION

- The following financial information is for the Issuer's last three completed fiscal years.

For the year	For the year	For the year
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	<u>ended January</u> <u>31, 2003</u>	<u>ended January</u> <u>31, 2002</u>	<u>ended January</u> <u>31, 2001</u>
Interest Income	\$ Nil	\$ 2,449	\$ 5,697
General and administrative costs	\$ 185,351	\$ 248,481	\$ 248,254
Write down of mineral properties	\$5,669,558	Nil	Nil
Loss for the period	\$ 5,781,109	\$ 670,152	\$ 242,567
Long-term liability	\$ 23,619	Nil	Nil
Cash Dividends	Nil	Nil	Nil
Loss per share	\$ 0.26	\$ 0.03	\$ 0.01
Fully diluted loss per share*	N/A	N/A	N/A
Fully diluted # of shares outstanding	27,830,727	26,855,727	22,600,727
Total assets	\$ 82,898	\$ 5,859,359	\$ 6,339,950

\* Loss per share on a fully diluted basis was not calculated in accordance with the CICA Handbook as it proved to be anti-dilutive.

## **ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion of the operating results and financial position of Sennen should be read in conjunction with the consolidated financial statements and related notes thereto.

### **Results of Operations**

The Company is incorporated under the laws of British Columbia and its principal business activities include the acquisition and maintenance of mineral resource properties. The recoverability of the amounts comprising mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain the necessary financing to successfully complete exploration and development and upon future profitable production. The Company has maintained its 100% interest in its core projects located in Queensland, Australia however the development of these three large thermal coal deposits has been curtailed at this time.

During fiscal year 2003 a total of \$7,545 was used for mineral property expenditures and no capital assets were acquired.

During fiscal year 2002, a total of \$10,000 spent on the acquisition of a capital asset.

During fiscal year 2001, a total of \$102,142 was used for mineral property expenditures and a further \$26,206 was spent on the acquisition of a capital asset.

Sennen incurred general and administrative expenses of \$185,351 during fiscal 2003 compared with \$248,481 in fiscal 2002.

## **Liquidity and Cash Reserves**

At January 31, 2003 Sennen had a cash deficit of \$5,370.

Receivables decreased from \$8,972 to \$7,627 while prepaid expenses increased to \$16,311 from \$6,421. Accounts payable decreased to \$31,984 from \$75,880 while due to related party increased to \$50,000 from \$20,000.

During the year-ended January 31, 2003, the Company received a loan in the amount of \$350,000 as part of its intended acquisition of a 100% interest in Safex. As a result of the termination of the acquisition the company was obligated to repay the loan. The loan was repaid during the year ended January 31, 2003 through the issuance of 875,000 common shares of the Company at a conversion price of \$0.40 per share. Previously accrued interest totaling \$77,575 payable on the loan was recovered as a result.

Subsequent to year-end the Company entered into an agreement, through its wholly owned subsidiary, Sennen Resources (Barbados) Ltd., to acquire an option to purchase the shares of Makapa Mining Inc. ("Makapa"), a Guyana company that owns mineral rights over 803,410 acres in northwestern Guyana. The acquisition of the Five Star Geological and Geophysical survey Permit covering 764,000 acres, and the Makapa Prospecting Licence covering 2,500 acres will be through the acquisition of 100% of the shares in Makapa Mining Inc. ("MMI") from Makapa Mines Inc. ("Minex"), a company incorporated in the British Virgin Islands.

## **ITEM 7: MARKET FOR SECURITIES**

### **7.1 Market for Securities**

Sennen's shares trade on the TSX Venture Exchange British Columbia, Canada under the symbol "SN".

## **ITEM 8: DIRECTORS AND OFFICERS**

### **8.1 Name, Address, Occupation and Security Holding**

<b>Name, Municipality of Residence</b>	<b>Principal Occupation or Employment and, if not elected a director by a vote of security holder, occupation during the past five years</b>	<b>First and Present Position with Sennen</b>	<b>Approximate no. of voting securities beneficially owned, directly or indirectly or over which direction or control is exercised</b>
Ian Rozier* West Vancouver, B.C.	President, CEO & Director of Newport Exploration Ltd.; COB & Director of Maximus Ventures Ltd; Pres. & Dir Chase Resource Corp.	Director, July 22, 1996 to date	313,000 <sup>(1)</sup>
Barbara Dunfield*	President, CEO, & Director	CFO & Corp. Secretary July 19,	

West Vancouver	of Maximus Ventures Ltd. Director & CFO of Newport Exploration Ltd.	2002 to date V.P. Corporate Communications November 10, 1999 to date	232,700
James Robertson* West Vancouver, B.C.	Director Maximus Ventures Ltd.	Director, May 29, 1996 to date	Nil
Douglas Hyndman Vancouver, B.C.	Partner in the law firm of Kornfeld Mackoff Silber	President July 8, 1996 to date.	Nil
Paul Ray Monte Carlo, Monaco	Businessman	Director, December 6, 1999 to date	3,432,000 <sup>(2)</sup>

(1) Of the 313,000 common shares; 63,000 are held in the name of Turpin Capital Inc., a private British Columbia company wholly owned by Ian Rozier and 250,000 common are held in the name of Jemma Trust Co. as Trustees for the Rozier Family Trust

(2) Of the 3,432,000 common shares; 2,000,000 are held by Milet Global Corporation and 1,432,000 are held by Zolarium Ltd., private companies wholly owned by Paul Ray.

\* Members of the Audit Committee

The Directors were elected at the last Annual General Meeting of Shareholders held on July 17, 2003. The Directors are expected to hold their positions until the next Annual General Meeting of Shareholders, scheduled for July 16, 2004.

## **8.2 Corporate Cease Trader Orders or Bankruptcies**

None

## **8.3 Penalties or Sanctions**

None

## **8.4 Personal Bankruptcies**

None

## **8.5 Conflicts of Interest**

None

## **ITEM 9: ADDITIONAL INFORMATION**

### **9.1 Additional Information**

Additional information including Directors' and Officers' remuneration and indebtedness, principal holders of Sennen's securities, options to purchase securities and interests of insiders in material transactions, where applicable, are contained in Sennen's Information Circular which was mailed to Shareholders of record (June 12, 2003) for its Annual General Meeting held July 17, 2003. Additional financial information is provided in Sennen's financial statements for its fiscal year ended January 31, 2003. A copy of the AIF, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF will be provided to any person or company. The Company's Information Circular and most recent annual or quarterly financial statements, may also be

obtained from Sennen Resources Ltd. at #408-837 West Hastings Street, Vancouver, British Columbia, V6C 3N6, Attention: Corporate Secretary.