

**SENNEN RESOURCES LTD.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**July 31, 2007**

**(Unaudited - Prepared by Management)**

The accompanying unaudited interim consolidated financial statements of Sennen Resources Ltd. for the six month period ending July 31, 2007 have been prepared by management and approved by the audit committee and the Board of Directors of the Company. These interim consolidated financial statements have not been reviewed by the Company's external auditors.

**SENNEN RESOURCES LTD.**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
(Unaudited - prepared by management)

	July 31, 2007	January 31, 2007
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 15,847,593	\$ 1,637,829
Receivables (Note 3)	4,158,606	54,534
Prepaid expenses	<u>15,366</u>	<u>14,301</u>
	20,021,565	1,706,664
<b>Long-term receivable</b> (Note 3)	4,086,000	-
<b>Deferred costs</b> (Note 3)	-	104,551
<b>Mineral properties</b> (Note 3)	<u>-</u>	<u>1</u>
	<u>\$ 24,107,565</u>	<u>\$ 1,811,216</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities (Note 3)	<u>\$ 1,434,171</u>	<u>\$ 100,394</u>
	<u>1,434,171</u>	<u>100,394</u>
<b>Shareholders' equity</b>		
Capital stock (Note 5)	14,628,577	14,628,577
Contributed surplus (Note 5)	1,313,927	1,215,406
Retained earnings (deficit)	<u>6,730,890</u>	<u>(14,133,161)</u>
	<u>22,673,394</u>	<u>1,710,822</u>
	<u>\$ 24,107,565</u>	<u>\$ 1,811,216</u>

**Nature of operations** (Note 1)

**Commitments** (Note 7)

**On behalf of the Board:**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

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

**SENNEN RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
(Unaudited - prepared by management)

	For the three months ended July 31, 2007	For the three months ended July 31, 2006	For the six months ended July 31, 2007	For the six months ended July 31, 2006
<b>EXPENSES</b>				
Administration fees	\$ 2,500	\$ 3,613	\$ 7,930	\$ 6,232
Amortization	-	4,611	-	9,222
Consulting	42,509	52,961	85,506	95,910
Directors' fees	5,000	5,000	10,000	10,000
Exploration costs	15,000	-	34,152	-
Interest on obligation under capital lease	-	1,076	-	2,178
Management fees	18,000	18,000	36,000	36,000
Office and miscellaneous	3,111	2,855	13,078	7,583
Professional fees	12,330	17,842	24,905	34,040
Rent	17,000	12,000	30,000	24,000
Shareholder communications	3,633	1,106	3,633	1,106
Stock-based compensation (Note 6)	49,260	94,791	98,521	189,581
Transfer agent and filing fees	8,405	6,168	15,467	10,706
Travel and automotive	7,265	830	12,368	1,176
<b>Loss before other items</b>	<u>(184,013)</u>	<u>(220,853)</u>	<u>(371,560)</u>	<u>(427,734)</u>
<b>OTHER ITEMS</b>				
Interest income	35,161	9,113	45,896	21,361
Gain on sale of mineral properties (Note 3)	21,167,171	-	21,167,171	-
Gain (loss) on foreign exchange	(10,336)	-	22,544	-
	<u>21,191,996</u>	<u>9,113</u>	<u>21,235,611</u>	<u>21,361</u>
<b>Net income (loss) for the period</b>	21,007,983	(211,740)	20,864,051	(406,373)
<b>Deficit, beginning of period</b>	<u>(14,277,093)</u>	<u>(14,140,655)</u>	<u>(14,133,161)</u>	<u>(13,946,022)</u>
<b>Retained earnings (deficit) end of period</b>	\$ 6,730,890	\$(14,352,395)	\$ 6,730,890	\$(14,352,395)
<b>Earnings (loss) per common share:</b>				
Basic	\$ 0.47	\$ (0.01)	\$ 0.47	\$ (0.01)
Diluted	0.45	-	0.45	-
<b>Weighted average number of common shares outstanding:</b>				
Basic	44,501,165	44,501,165	44,501,165	44,501,165
Diluted	46,471,087	-	46,101,953	-

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

**SENNEN RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited - prepared by management)

	For the three months ended July 31, 2007	For the three months ended July 31, 2006	For the six months ended July 31, 2007	For the six months ended July 31, 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income (loss) for the period	\$ 21,007,983	\$ (211,740)	\$ 20,864,051	\$ (406,373)
Items not affecting cash:				
Amortization	-	4,611	-	9,222
Stock-based compensation	49,260	94,791	98,521	189,581
Gain on sale of mineral properties	(21,167,171)	-	(21,167,171)	-
Change in non-cash working capital items:				
(Increase) decrease in receivables	(4,116,008)	10,057	(4,104,072)	22,614
(Increase) decrease in prepaid expenses and deposit	3,125	1,484	(1,065)	(1,795)
Increase (decrease) in accounts payable and accrued liabilities	434,995	(12,493)	359,500	(17,184)
Net cash used in operating activities	<u>(3,787,856)</u>	<u>(113,290)</u>	<u>(3,950,236)</u>	<u>(203,935)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Long-term receivable	(4,086,000)	-	(4,086,000)	-
Repayment of obligation under capital lease	-	(1,324)	-	(2,621)
Proceeds from sale of mineral properties	<u>22,246,000</u>	<u>-</u>	<u>22,246,000</u>	<u>-</u>
Net cash provided by (used in) used in financing activities	<u>18,160,000</u>	<u>(1,324)</u>	<u>18,160,000</u>	<u>(2,621)</u>
<b>Change in cash and equivalents during the period</b>	14,372,144	(114,614)	14,209,764	(206,556)
<b>Cash and equivalents, beginning of period</b>	<u>1,475,449</u>	<u>1,532,007</u>	<u>1,637,829</u>	<u>1,623,949</u>
<b>Cash and equivalents, end of period</b>	\$ 15,847,593	\$ 1,417,393	\$ 15,847,593	\$ 1,417,393
<b>Cash and equivalents consists of:</b>				
Cash			\$ 11,823	\$ 45,786
Term deposits			<u>15,835,770</u>	<u>1,371,607</u>
			\$ 15,847,593	\$ 1,417,393

**Supplemental disclosure with respect to cash flows (Note 8)**

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

**SENNEN RESOURCES LTD.****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

July 31, 2007

(Unaudited - prepared by management)

**1. NATURE OF OPERATIONS**

Sennen Resources Ltd. (the "Company") was incorporated under the laws of the Province of British Columbia and its principal business activities include the acquisition and exploration of mineral properties and is considered to be in the exploration stage.

	July 31, 2007	January 31, 2007
Retained earnings (Deficit)	\$ 6,730,890	\$ (14,133,161)
Working capital	18,587,394	1,606,270

**2. SIGNIFICANT ACCOUNTING POLICIES****Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Huisan Inc., Sennen Resources (Barbados) Ltd. and Racehorse Investments Inc. All significant inter-company balances and transactions have been eliminated upon consolidation.

**Basis of presentation**

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying financial information reflects all adjustments, consisting primarily of normal and recurring adjustments considered necessary for fair presentation of the results for the interim period. Operating results for the six-month period ending July 31, 2007 are not necessarily indicative of the results that may be expected for the year ending January 31, 2008. These interim consolidated financial statements follow the same accounting policies as the annual financial statements of the Company. Accordingly, these financial statements should be read in conjunction with the audited consolidated financial statements, and notes thereto, for the year ended January 31, 2007.

**SENNEN RESOURCES LTD.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
 July 31, 2007  
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**3. MINERAL PROPERTIES**

		Ownaview/ Middlemount/ Collingwood, Australia
Balance at January 31, 2007	\$	1
Sale of mineral property		(1)
Balance at July 31, 2007	\$	-

**Ownaview/Middlemount/Collingwood Projects, Queensland, Australia**

The Company held an interest in certain mineral properties located in Queensland, Australia.

During the year ended January 31, 2003, the mineral property costs and related deferred exploration costs were written down to a nominal value of \$1.

During the year ended January 31, 2005, the Company entered into three agreements with DJB Coal PTY Ltd. ("DJB") of Australia whereby DJB acquired a 5% interest in certain claims (the "Ownaview" deposit) with the right to acquire a further 65% interest, and acquired a 10% interest in Collingwood and Middlemount projects, with the right to earn a further 60% in each of these two projects.

Under the terms of the agreements, DJB was to acquire these interests in return for payment of all present and future rental costs due on the Ownaview deposit and on the Collingwood and Middlemount projects, and will conduct all the required engineering work for the completion of bankable feasibility studies at their cost on each deposit within 5 years. In the event that an agreement is reached over the sale of the Middlemount coal property to a third party prior to the completion of a feasibility study, providing the Company and DJB each with a 50% interest in the proceeds from the sale.

The agreement was subject to a \$0.50 per tonne coal royalty on the Ownaview deposit and a \$0.25 per tonne coal royalty on the Collingwood and Middlemount projects payable to the Company.

During the year ended January 31, 2007, the Company announced that it has entered into an agreement to sell its interest in the Middlemount project through the sale of the issued shares of Ribfield, the owner of a 95% interest in Middlemount, for approximately \$13,700,000 (A\$15,000,000) subject to the following terms and conditions:

1. Receipt of a non-refundable deposit of \$438,580 (A\$500,000) upon execution of the agreement (received as at Jan 31, 2007).
2. The approval and completion ("Completion") of:
  - a) regulatory approval in Australia for the transfer of the Ownaview and Collingwood projects to another entity owned by the Company (received);
  - b) DJB Coal obtaining regulatory approval for the transfer of their 5% interest in Middlemount to the Purchaser (obtained);

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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**3. MINERAL PROPERTIES (cont'd...)**

- c) regulatory approval of the TSX Venture Exchange; but in any event not later than June 30, 2007 (received);
- d) a drilling and analysis program within eight weeks of the finalization of the agreement (the "DA Period") by the purchaser;
- e) receipt of approximately \$3,200,000 (A\$3,500,000) into escrow within 16 weeks of the expiration of the DA Period (received);
- f) receipt of approximately \$1,825,000 (A\$2,000,000) and release of escrow funds referred to above upon Completion (received);
- g) receipt of approximately \$4,086,000 (A\$4,500,000) within 12 months of Completion; and
- h) receipt of approximately \$4,086,000 (A\$4,500,000) within 24 months of Completion.

Upon Completion, the purchaser is required to provide bank guarantees for the two outstanding payments of approximately \$4,086,000 (A\$4,500,000) each (received).

Additionally, during the six months ended July 31, 2007, the Company entered into a sale agreement with Anglo Coal Australia ('Anglo') and Mitsui Coal Holdings ('Mitsui') for the sale of its interests in the Collingswood and Ownaview Coal projects for consideration of \$9,080,000 AUS\$10 million (received).

As at July 31, 2007 the Company has incurred costs of \$1,042,442 relating to the proposed sale of its mineral properties. Additionally, included in accounts payable is \$888,024 for Australian GST payable in connection with the sale of the Ownaview and Collingwood properties.

**4. RELATED PARTY TRANSACTIONS**

During the six months ended July 31, 2007, the Company entered into the following transactions with related parties:

- a) Paid or accrued consulting fees of \$72,000 (2006 - \$72,000) to a company controlled by a director and to a director.
- b) Paid or accrued management fees of \$36,000 (2006 - \$36,000) to a company controlled by an officer of the Company.
- c) Paid or accrued rent of \$30,000 (2006 - \$24,000) to a company controlled by a director.
- d) Paid or accrued directors' fees of \$10,000 (2006 - \$10,000) to a director of the Company.

As at July 31, 2007, accounts payable included \$322,276 (January 31, 2007 - \$7,609) owed to a director and a company with a common director.

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Subsequent to July 31, 2007, the Company renegotiated two management contracts with companies having a common director. The total payable to these companies increased from \$18,000 per month to \$25,000 per month.

These transactions were in the normal course of operations and were measured at the exchange amount which is the amount established and agreed to by the related parties.

## 5. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Capital Stock		Contributed Surplus
	Number of Shares	Amount	
Authorized Unlimited common shares without par value			
Issued			
Balance as at January 31, 2007	44,501,165	\$ 14,628,577	\$ 1,215,406
Stock-based compensation	-	-	98,521
Balance as at July 31, 2007	44,501,165	\$ 14,628,577	\$ 1,313,927

## 6. STOCK OPTIONS AND WARRANTS

### Stock options

At July 31, 2007, the Company had incentive stock options enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
4,980,000	\$ 0.20	April 28, 2008
145,000	0.20	November 20, 2011

**SENNEN RESOURCES LTD.**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited - prepared by management)

**6. STOCK OPTIONS AND WARRANTS (cont'd...)**

**Stock options (cont'd...)**

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding as at January 31, 2006	-	\$ -
Granted	5,205,000	0.20
Expired	<u>(80,000)</u>	0.20
Outstanding as at January 31 and July 31, 2007	5,125,000	\$ 0.20
Exercisable as at July 31, 2007	4,411,875	\$ 0.20

**Stock-based compensation**

During the year ended January 31, 2007, the Company granted 5,205,000 (2006 – Nil) stock options with a fair value of \$394,084 (2006 - \$Nil) or \$0.08 (2006 - \$Nil) per option using the Black-Scholes option pricing model. Of this amount, \$339,228 has been recorded as stock-based compensation. Pursuant to the Company's stock option plan, an 18 month vesting schedule is applied to each granting with 25% of the options vesting immediately on the date of grant, and the balance of the options vesting equally every three months after the grant date.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options:

	July 31, 2007
Risk-free interest rate	3.95%
Expected life of options	2.1 years
Annualized volatility	96%
Dividend rate	0.00%

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**6. STOCK OPTIONS AND WARRANTS (cont'd...)**

**Warrants**

There were no warrants outstanding as at July 31, 2007.

**7. COMMITMENTS**

The Company leases office premises under an operating lease with a company controlled by a director. The lease provides for annual basic lease payments as follows:

2008	\$	30,000
2009		60,000
2010		<u>10,000</u>
	<u>\$</u>	<u>100,000</u>

**8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	2007	2006
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ 1,102

During the six months ended July 31, 2007, the Company incurred selling costs of \$1,042,442 included in gain of sale of mineral properties, of which \$104,551 was paid in the prior year.

There were no significant non-cash transactions during the six months ended July 31, 2006.

**9. SEGMENTED INFORMATION**

The Company operates in one business segment being the acquisition and exploration of mineral properties.

The Company's capital assets are located in the following countries:

	July 31, 2007	January 31, 2007
Canada	\$ -	\$ -
Australia	<u>-</u>	<u>1</u>
	<u>\$ -</u>	<u>\$ 1</u>