

Form 52-109FT1
Certification of Annual Filing during Transition Period

I, Ian T. Rozier, President and Chief Executive Officer of Sennen Resources Ltd.;

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Sennen Resources Ltd. (the "Issuer") for the period ending January 31, 2005;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with the respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statement together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuers, as of the date and for the periods presented in the interim filings.

Date: May 31, 2005

"Ian T. Rozier"

Ian T. Rozier,
President and Chief Executive Officer

Form 52-109FT1
Certification of Annual Filing during Transition Period

I, Barbara Dunfield, Chief Financial Officer of Sennen Resources Ltd.;

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Sennen Resources Ltd. (the "Issuer") for the period ending January 31, 2005;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with the respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statement together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuers, as of the date and for the periods presented in the interim filings.

Date: May 31, 2005

"Barbara Dunfield"

Barbara Dunfield,
Chief Financial Officer

SENNEN RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2005

AUDITORS' REPORT

To the Shareholders of
Sennen Resources Ltd.

We have audited the consolidated balance sheets of Sennen Resources Ltd. as at January 31, 2005 and 2004 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY"

Vancouver, Canada

Chartered Accountants

May 11, 2005

A Member of *SC INTERNATIONAL*

SENNEN RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS
AS AT JANUARY 31

	2005	2004
ASSETS		
Current		
Cash and equivalents	\$ 1,146,107	\$ 2,567,061
Receivables	29,605	22,426
Prepaid expenses and deposits	8,607	29,107
Advances to related parties	<u>-</u>	<u>140,010</u>
	1,184,319	2,758,604
Equipment (Note 4)	79,980	96,020
Deposits (Note 5)	25,809	25,809
Mineral properties (Note 6)	1	1,042,970
Deferred exploration costs (Note7)	<u>-</u>	<u>788,742</u>
	<u>\$ 1,290,109</u>	<u>\$ 4,712,145</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 58,814	\$ 60,050
Current portion of obligation under capital lease	<u>4,633</u>	<u>4,573</u>
	63,447	64,623
Obligation under capital lease (Note 10)	<u>56,897</u>	<u>61,530</u>
	<u>120,344</u>	<u>126,153</u>
Shareholders' equity		
Capital stock (Note 11)	13,603,577	13,083,253
Subscriptions receivable	-	(15,000)
Contributed surplus (Note 11)	974,700	976,887
Deficit	<u>(13,408,512)</u>	<u>(9,459,148)</u>
	<u>1,169,765</u>	<u>4,585,992</u>
	<u>\$ 1,290,109</u>	<u>\$ 4,712,145</u>

Nature and continuance of operations (Note 1)

Commitments (Note 14)

Subsequent event (Note 18)

On behalf of the Board:

 "Ian Rozier" Director "Douglas Hyndman" Director

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

SENNEN RESOURCES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED JANUARY 31

	2005	2004
EXPENSES		
Administration fees	\$ 30,000	\$ 10,000
Amortization	30,070	8,702
Consulting	246,231	175,879
Interest on obligation under capital lease	5,027	2,033
Investigation costs	28,951	35,296
Management fees	54,000	24,000
Office and miscellaneous	35,236	31,175
Professional fees	23,001	55,339
Rent	46,161	19,600
Shareholder communications	6,356	16,311
Stock-based compensation (Note 13)	-	901,666
Transfer agent and filing fees	12,432	31,034
Travel and auto	<u>26,854</u>	<u>53,385</u>
Loss before other items	<u>(544,319)</u>	<u>(1,364,420)</u>
OTHER ITEMS		
Interest income	27,632	23,267
Loss on disposal of equipment	-	(564)
Write-off of mineral properties (Note 6)	(1,042,969)	-
Write-off of exploration advances (Note 8)	(1,179,399)	-
Write-off of deferred exploration costs (Note 7)	<u>(1,210,309)</u>	<u>-</u>
	<u>(3,405,045)</u>	<u>22,703</u>
Loss for the year	(3,949,364)	(1,341,717)
Deficit, beginning of year	<u>(9,459,148)</u>	<u>(8,117,431)</u>
Deficit, end of year	<u>\$(13,408,512)</u>	<u>\$ (9,459,148)</u>
Basic and diluted loss per common share	<u>\$ (0.10)</u>	<u>\$ (0.05)</u>
Weighted average number of common shares outstanding	<u>41,536,741</u>	<u>29,871,845</u>

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

SENNEN RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED JANUARY 31

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (3,949,364)	\$ (1,341,717)
Items not affecting cash:		
Amortization	30,070	8,702
Stock-based compensation	-	901,666
Loss on disposal of equipment	-	564
Write-off of mineral properties	1,042,969	-
Write-off of deferred exploration costs	2,389,708	-
Change in non-cash working capital items:		
Increase in receivables	(7,179)	(14,799)
(Increase) decrease in prepaid expenses and deposits	20,500	(12,796)
Increase (decrease) in accounts payable and accrued liabilities	<u>(1,236)</u>	<u>28,066</u>
Net cash used in operating activities	<u>(474,532)</u>	<u>(430,314)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to related parties	-	(140,010)
Mineral properties	-	(142,969)
Advances and deferred exploration costs	(1,460,956)	(788,742)
Acquisition of equipment	<u>(14,030)</u>	<u>-</u>
Net cash used in investing activities	<u>(1,474,986)</u>	<u>(1,071,721)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to related party	-	(50,000)
Issuance of common shares	533,137	4,257,915
Share issue costs	-	(100,133)
Repayment of obligation under capital lease	<u>(4,573)</u>	<u>(33,316)</u>
Net cash provided by financing activities	<u>528,564</u>	<u>4,074,466</u>
Change in cash and equivalents during the year	(1,420,954)	2,572,431
Cash and equivalents, beginning of year	<u>2,567,061</u>	<u>(5,370)</u>
Cash and equivalents, end of year	\$ 1,146,107	\$ 2,567,061

Supplemental disclosure with respect to cash flows (Note 15)

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

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2005

1. NATURE AND CONTINUANCE OF OPERATIONS

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.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to acquire and develop new mineral properties, receive continued financial support, complete public equity financings, or generate profitable operations in the future.

	2005	2004
Deficit	\$ (13,408,512)	\$ (9,459,148)
Working capital	1,120,872	2,693,981

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 year. Actual results could differ from these estimates.

Cash and equivalents

Cash and equivalents include highly liquid investments with original maturities of three months or less.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated using the following rates and methods:

Vehicle	30% declining balance
Computer equipment	30% declining balance
Leasehold improvements	3 years straight-line

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Mineral properties and deferred exploration costs

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Asset retirement obligations

Effective February 1, 2004, the Company adopted the recommendations of CICA Handbook Section 3110, Asset Retirement Obligations. This new section requires recognition of a legal liability for obligations relating to retirement of property, plant and equipment, and arising from the acquisition, construction, development or normal operation of those assets. Such asset retirement cost must be recognized at fair value in the period in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life. Adoption of this standard has not affected the Company's financial statements.

Foreign currency translation

The Company's subsidiaries are integrated foreign operations and are translated into Canadian dollar equivalents using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Income and expense items are translated at rates approximating those in effect at the time of the transaction. Translation gains and losses are reflected in the results of operations.

Stock-based compensation

The Company uses the fair value method of accounting for all stock-based compensation. The Company estimates the fair value at the date of grant using the Black-Scholes option pricing model. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Future income taxes

Future income taxes are recorded for using the asset and liability method whereby future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more

likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per common share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Diluted loss per common share has not been presented separately as this calculation proved to be anti-dilutive.

Basic and diluted loss per common share is calculated using the weighted average number of shares outstanding during the year.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

3. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, receivables, advances to related parties, deposits, accounts payable and accrued liabilities and obligation under capital lease. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Financial risk

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

4. EQUIPMENT

	2005			2004		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Vehicle	\$ 96,020	\$ 25,725	\$ 70,295	\$ 96,020	\$ -	\$ 96,020
Leasehold improvements	10,145	3,381	6,764	-	-	-
Computer equipment	3,885	964	2,921	-	-	-
	<u>\$ 110,050</u>	<u>\$ 30,070</u>	<u>\$ 79,980</u>	<u>\$ 96,020</u>	<u>\$ -</u>	<u>\$ 96,020</u>

The leased vehicle is for use by a director of the Company.

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2005

5. DEPOSITS

Deposits are comprised of amounts paid to the Department of Mines and Energy of Australia as security for the coal deposits in Queensland, Australia.

6. MINERAL PROPERTIES

	Makapa, Guyana	Ownaview/ Middlemount/ Collingwood, Australia	Total
Balance at January 31, 2003	\$ -	\$ 1	\$ 1
Additions during the year	<u>1,042,969</u>	<u>-</u>	<u>1,042,969</u>
Balance at January 31, 2004	1,042,969	1	1,042,970
Additions during the year	-	-	-
Written-off during the year	<u>(1,042,969)</u>	<u>-</u>	<u>(1,042,969)</u>
Balance at January 31, 2005	\$ -	\$ 1	\$ 1

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Makapa Gold Project, Guyana

On March 10, 2003, the Company entered into an agreement to acquire an option to purchase the shares of Makapa Mining Inc., a Guyana company that owns certain mineral rights in northwestern Guyana, from Makapa Minex Inc..

The Company paid \$142,969 and issued 3,000,000 common shares valued at \$900,000 for the mineral property.

The Company decided not to pursue an interest in this project and all related costs were written-off to operations during the year ended January 31, 2005.

Ownaview/Middlemount/Collingwood Projects, 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 has acquired an interest of 5% of certain claims (the "Ownaview" deposit) with the right to acquire a further 65% interest, and has acquired a 10% interest in Collingwood and Middlemount projects, with the right to earn a further 60% in each of these two projects.

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2005

6. MINERAL PROPERTIES (cont'd...)

Collingwood, Queensland, Australia (cont'd...)

Under the terms of the agreements, DJB Coal will acquire these interests in return for payment of all present and future rental costs due on the Ownaview deposit, the payment of all future rental amounts 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 agreement is reached over the sale of the Middlemount coal property to a third party prior to the completion of a feasibility study, the Company and DJB will each have a 50% interest in the proceeds from the sale.

The agreement is 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 Middlemeount projects payable to the Company.

As at January 31, 2005 DJB has complied with the agreement and has paid all rental payments up to December 31, 2005.

7. DEFERRED EXPLORATION COSTS

	2005	2004
Balance, beginning of year	\$ 788,742	\$ -
Assays	-	-
Camp costs	-	205,734
Claim costs	-	-
Consultants	31,382	30,805
Contractors	-	48,607
Demobilization costs	-	-
Drilling	352,058	-
Field supplies	-	49,533
Fuel	-	10,212
Geology	-	121,080
Geophysics	38,127	3,421
Licenses	-	149,955
Project supervision	-	103,010
Travel and related	-	66,385
	<u>421,567</u>	<u>788,742</u>
Written-off during the year	<u>(1,210,309)</u>	<u>-</u>
Balance, end of year	\$ -	\$ 788,742

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2005

8. EXPLORATION ADVANCES WRITTEN OFF

During the year ended January 31, 2005, funds were advanced to a company owned by a former director for mineral property exploration relating to the Makapa property in Guyana, a property which was written off as at January 31, 2005. Details on the use of these advances were unavailable to the Company at the report date, and accordingly, these advances have been written off to operations.

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued consulting fees of \$175,732 (2004 - \$88,000) to companies with a common and former director.
- b) Paid or accrued consulting fees of \$18,000 (2004 - \$8,000) to a company controlled by an officer of the Company.
- c) Paid or accrued management fees of \$54,000 (2004 - \$24,000) to a company controlled by an officer of the Company.
- d) Paid or accrued rent of \$46,161 (2004 - \$19,600) to companies controlled by a director and former director.
- e) Paid or accrued project supervision fees of \$Nil (2004 - \$81,600) to a former director of the Company which had been capitalized to deferred exploration costs. These costs were written-off to operations during the year ended January 31, 2005.

As at January 31, 2005, accounts payable included \$22,524 (2003 - \$Nil) owed to a company with a common director.

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.

The amounts advanced to related parties of \$Nil (2004 - \$140,010) were to companies controlled by a director of which \$Nil (2004 - \$126,389) was for exploration advances.

10. OBLIGATION UNDER CAPITAL LEASE

	2005	2004
Obligation under capital lease with imputed interest at 7.85 % per annum over a term expiring December 15, 2006, secured by a leased vehicle.	\$ 61,530	\$ 66,103
Less: current portion	<u>(4,633)</u>	<u>(4,573)</u>
Balance of obligation	\$ 56,897	\$ 61,530

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2005

10. OBLIGATION UNDER CAPITAL LEASE (cont'd...)

Required minimum payments over the next 2 years are as follows:

2006	\$ 10,560
2007	<u>59,800</u>
	\$ 70,360
Less interest	<u>(8,830)</u>
	<u>\$ 61,530</u>

11. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Capital Stock		Contributed Surplus
	Number of Shares	Amount	
Authorized			
99,711,539 common shares without par value			
Issued			
Balance as at January 31, 2003	22,830,727	\$ 8,085,692	\$ -
Private placements	10,666,666	3,200,000	-
Finders' fees – private placements	-	(175,354)	75,221
Exercise of warrants	2,100,000	569,000	-
Exercise of options	2,837,500	569,375	-
Stock-based compensation	-	-	901,666
Mineral property	3,000,000	900,000	-
Share issue costs	-	<u>(65,460)</u>	-
Balance as at January 31, 2004	41,434,893	13,083,253	976,887
Shares returned to treasury	(50,000)	(15,000)	-
Exercise of warrants	<u>1,066,272</u>	<u>535,324</u>	<u>(2,187)</u>
Balance as at January 31, 2005	42,451,165	\$ 13,603,577	\$ 974,700

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2005

12. STOCK OPTIONS AND WARRANTS

The Company has a stock option plan that provides for the issuance of options to its directors, officers, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common stock of the Company. Under the plan, options vest on grant and have a maximum term of five years.

At January 31, 2005, the Company had incentive stock options and warrants outstanding enabling holders to acquire the following:

	Number of Shares	Exercise Price	Expiry Date
Options:	4,550,000	\$ 0.40	December 28, 2005
Warrants:	10,123,234	\$ 0.50	September 16, 2005

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding as at January 31, 2003	2,900,000	\$ 0.20
Granted	6,010,000	0.40
Expired/cancelled	(62,500)	0.25
Exercised	<u>(2,837,500)</u>	0.20
Outstanding as at January 31, 2004	6,010,000	0.40
Expired/cancelled	<u>(1,460,000)</u>	0.40
Outstanding as at January 31, 2005	4,550,000	\$ 0.40

Exercisable as at January 31, 2005

4,550,000 \$ 0.40

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2005

12. STOCK OPTIONS AND WARRANTS (cont'd...)

Warrant transactions were as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at January 31, 2003	2,100,000	\$ 0.27
Granted	11,189,506	0.50
Exercised	<u>(2,100,000)</u>	0.27
Balance as at January 31, 2004	11,189,506	0.50
Exercised	<u>(1,066,272)</u>	0.50
Balance as at January 31, 2005	<u>10,123,234</u>	<u>\$ 0.50</u>

13. STOCK-BASED COMPENSATION

The Company granted 6,010,000 stock options during the year ended January 31, 2004 resulting in stock-based compensation expense using the Black-Scholes option-pricing model of \$901,666. This amount was also recorded as contributed surplus on the balance sheet. The weighted average fair value of the stock options granted during the year ended January 31, 2004 was \$0.15 per option.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended January 31, 2004:

Risk-free interest rate	-	2.96%
Expected life of options	-	2 years
Annualized volatility	-	67.15%
Dividend rate	-	0.00%

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2005

14. COMMITMENTS

- a) 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:

2006	\$ 48,000
2007	48,000
2008	<u>12,000</u>
	<u>\$ 108,000</u>

- b) The Company entered into a management contract with a company with a common director. The Company has agreed to pay the company \$18,000 per month until May 31, 2006. The contracts can be terminated by the Company by providing 30 days written notice.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2005	2004
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 5,027	\$ 2,033

Significant non-cash transactions for the year ended January 31, 2005 consisted of:

- a) the exercise of 15,200 finder's warrants with a fair value of \$2,187 reducing contributed surplus.
- b) subscriptions receivable of \$15,000 were cancelled resulting in the return of 50,000 common shares to treasury valued at \$15,000.
- c) advances to related parties of \$140,000 were used to fund exploration costs incurred on the Makapa Gold Project.

Significant non-cash transactions for the year ended January 31, 2004 consisted of:

- a) The Company leasing a vehicle with a value of \$96,020 and assuming an obligation under capital lease of \$66,103.
- b) The Company disposing of a leased vehicle with a net book value of \$30,298 and a related obligation under a capital lease of \$22,148.

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2005

16. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2005	2004
Loss before income taxes	\$ (3,949,364)	\$ (1,341,717)
Expected income tax (recovery)	\$ (1,405,974)	\$ (477,651)
Non-deductible expenses	149,998	3,098
Stock-based compensation	-	320,993
Write-down of mineral property and deferred exploration costs	1,222,033	-
Unrecognized benefits of non-capital losses	<u>33,943</u>	<u>153,560</u>
Actual income taxes	\$ -	\$ -

Details of the Company's future income tax assets are as follows:

	2005	2004
Future income tax assets:		
Mineral properties and deferred exploration costs	\$ 2,395,000	\$ 2,123,000
Other items	51,000	-
Non-capital loss carryforwards	<u>440,000</u>	<u>435,000</u>
	2,886,000	2,558,000
Valuation allowance	<u>(2,886,000)</u>	<u>(2,558,000)</u>
Net future income tax assets	\$ -	\$ -

The Company has non-capital losses carried forward of approximately \$1,240,000 which expire through to 2015. They may be utilized to offset future taxable income. Subject to certain restrictions, the Company also has resource expenditures of approximately \$6,730,000 available to reduce taxable income in future years. Future tax benefits, which may arise as a result of these losses and resource expenditures have not been recognized in these financial statements and have been offset by a valuation allowance.

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2005

17. 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:

	2005	2004
Canada	\$ 79,980	\$ 96,020
Guyana	<u>1</u>	<u>1,831,712</u>
	<u>\$ 79,981</u>	<u>\$ 1,927,732</u>

18. SUBSEQUENT EVENT

Subsequent to January 31, 2005, 2,050,000 share purchase warrants were exercised at an exercise price of \$0.50 per share for total proceeds of \$1,025,000.

SENNEN RESOURCES LTD.
Management Discussion and Analysis
For the Year ended January 31, 2005

This discussion and analysis of financial position and results of operations is prepared as at May 20, 2005, and should be read in conjunction with the consolidated financial statements for the years ended January 31, 2005 and 2004 of Sennen Resources Ltd. (the "Company" or "Sennen") with the related notes thereto. Those consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All dollar amounts included therein and in the following management discussion and analysis ("MD&A") are in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

Description of Business

The Company is an exploration company dedicated to the identification, acquisition and exploration of coal projects in Australia.

Overall Performance

The Company reported in its third quarter that, through its Australian subsidiary, Ribfield Pty Ltd., it reached an agreement with DJB Coal Pty Ltd. ("DJB Coal") of Sydney, Australia whereby DJB entered into a Joint Venture to finance and develop the Middlemount, Collingwood and Ownaview coal deposits in Queensland.

The historical measured coal reserves and resources at the Middlemount, Collingwood and Ownaview were reported in a News Release dated January 26th, 1998 and July 15th, 2004. The historical coal reserve and resource estimates were prepared by the Shell Company of Australia and the Company considered the data used for estimates to be relevant and reliable. However, under current reporting requirements the reporting of historical estimates is acceptable provided that reference is made to them being of a historical nature. The reconciliation of the variously reported estimates at Middlemount, Ownaview and Collingwood from 'old' to 'new' classification systems by various entities since 1984 has resulted in some uncertainty as to the exact status of the coal reserve and resource estimates at the three deposits.

Various coal reserve and resource estimates have been reported by the Company, previous operators, consultants, and government departments for both the original Exploration Permits for Coal ("EPC's") and the Mineral Development Licenses ("MDL's"). Accordingly, on March 1, 2005 the Company clarified the status of the coal assets and the historical estimates that have been reported, and provided more technical information on the properties. The clarified status is included below.

MDL 282 (Middlemount)

Prior to being granted an MDL the Middlemount EPC comprised two areas; Booroondara and Foxleigh North. The Company has always focused on the Booroondara area. In 1992, McElroy Bryan Geological Services Pty Ltd of Australia ("McElroy") reported a technical database at the Booroondara block derived from a total of 155 drillholes, comprising 105 open holes, 48 partially cored holes and 2 large diameter holes. This database was used by Shell Australia Pty Ltd. ("Shell") to 'compute reserves' and evaluate mining options using the Minex software system. Shell reported that the Booroondara block at Middlemount contains "approximately 335 million tonnes of coal of thermal or coking blend quality." Of this amount Shell reported 'reserves' of 254 million tonnes with 68.5 million tonnes having less than 100m of overburden cover.

The coal in the Booroondara Block at Middlemount is contained within four seam groups: the Roper, Middlemount, Pisces and Girrah seams, with various splits and sub-splits. Of these, the Middlemount MI seam and Pisces PI seam were reported by Shell as being of most interest, with average thickness of 4.03m and 4.43m respectively. Three areas with open-cut mining potential were delineated by Shell based on overburden ratio, line of oxidation, the 60m isopach and structural features; two areas for the MI seam and one for the PI seam. All three areas were designed for single seam dragline operations.

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In 1998 the Company retained J Karajas, B.Sc., M.A.I.G., Aus.I.M.M. of Kjirt Exploration Services Pty Ltd (“Kjirt”) to confirm the status of the historical Shell coal resources and reserves in the Middlemount MI and the Pisces PI seams in the Booroondara Block. Using standard coal definitions in accordance with the Australian Institute of Mining and Metallurgy (the “Aus.I.M.M.”) classifications, Kjirt reported measured reserves in the Middlemount MI seam to be 39.1 million tonnes, and in the Pisces PI seam to be 74.2 million tonnes, for a total estimate of 113.3 million tonnes of measured reserves. This was reported in news releases dated January 26th, 1998, July 15, 2004 and December 2nd, 2004.

Certain aspects of the reporting of these estimates required clarification.

- The Company confirmed that these estimates are ‘historical’ estimates.
- In the December 2nd, 2004 news release the Company reported that "*an updated feasibility study is required to confirm the measured reserve and until such time as this is complete, the coal at Middlemount has been reclassified as being 367 million tonnes of measured resource*". The Company should have retained the historical status of the estimates and confirms that the historical measured reserve estimate at Middlemount is 113.3 million tonnes, with a further historical measured resource estimate of 141 million tonnes, resulting in total historical measured reserves and resources of 254 million tonnes of low to medium volatile, low sulphur, bituminous coal.
- In an MD&A filed on SEDAR on December 23rd, 2004 reference was made to a measured and indicated resource estimate for Booroondara of 159 million tonnes of coal which was cited by the Queensland Department of Mines and Energy ("QDME"). The Company confirms that in the MD&A it should have referred to the historical measured reserve estimate of 113.3 million tonnes and an additional historical measured resource estimate of 141 million tonnes, as stated in the Company’s news releases.

To clarify disclosure, the estimates at MDL 282, were summarized as follows:

- Shell reported resources of 254 million tonnes of coal of which 68.5 million tonnes has less than 100m of overburden cover. This is a historical estimate.
- In 1998 Kjirt, reported measured reserves in the Middlemount MI seam as being 39.1 million tonnes of coal and measured reserves in the Pisces PI seam as being 74.2 million tonnes, for a total measured reserve of 113.3 million tonnes of coal. This is a historical estimate.
- Kjirt reported the remaining 141 million tonnes of coal as a measured resource. This is a historical estimate.
- The Company clarifies that of the total measured reserve reported by Kjirt, only 31.1 million tonnes occurs at less than 100m depth.
- Kjirt estimated that 7.7 million tonnes of coal at Middlemount is amenable to open-cut methods at a strip ratio of up to 10:1, the remainder being amenable to underground mining methods.
- The Company considers the technical data on which these historical estimates were made to be relevant and reliable, and the estimates reported by Kjirt to be reliable.
- There are no more recent estimates or data available to the Company.
- The Middlemount MI seam has a low raw ash (17%) and low sulphur content (0.4%). The Pisces PI seam has a low raw ash (19.4%) and low sulphur content (0.43%).

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- In the July 15th, 2004 news release the company reported that the Middlemount deposit had been granted an MDL and stated that "*Under the rules governing mineral leases in Queensland, MDL's are only granted when a deposit is considered to have large "measured and indicated class 1 reserves" in accordance with the classification system used by the Queensland Department of Mines and Energy. Although Government Publications, technical papers and resource/reserve classification systems are not acceptable sources for reporting of coal resource estimates, the Company considers the transfer of the EPC's into MDL's as being significant in that it further demonstrates the validity of the previous work done on the Middlemount coal deposit by Shell Company of Australia*". The Company reiterates that Government classification systems are not regarded as being acceptable sources for reporting resource/reserve estimates and although the granting of an MDL by the QDME is a significant event it should not be interpreted as altering the historical status of the estimates.

MDL 283 (Ownaview)

In 1984 Shell estimated '*indicated reserves*' at Ownaview based on the modeling of data obtained from 88 drill holes. Shell estimated 140 million tonnes of indicated reserves with a strip ratio of less than 5:1, with an additional 180 million tonnes of indicated reserves at strip ratios between 5:1 and 7.5:1, for a total of 320 million tonnes with a strip ratio of less than 7.5:1. The ash content of this coal was reported by Shell as being "*approximately 35% in-situ but can evidently be washed to ash levels of under 20% if required*". Most of the coal reserves reported by Shell are contained in the Acland seam which is generally 12-15m thick and is comprised of three seams, designated UA1, UA2 and LA. Most of the coal occurs in the LA unit which is generally 7 to 7.5m thick.

The January 26th, 1998 news release reported a measured resource estimated by Kjirt using the standard coal resource definitions as defined by the Aus.I.M.M., as "*172 million tonnes of recoverable, high volatile, low sulphur, thermal coal with overburden (strip) ratios of less than 7.5 to 1. The average thickness of workable coal ranges from 4m to 8m. One area in the central part of the (Ownaview) deposit contains 52.6 million tonnes with a strip ratio of 5 to 1 and an average seam thickness of 7.1m*". Of the Kjirt estimate of 172 million tonnes, 97 million tonnes was determined to have less than 10m of cover.

Kjirt used standard coal resource definitions as defined by the Aus.I.M.M. classification system and in the July 15th, 2004 news release the Company stated that "*from the previous work done and the extensive technical data base that exists the Company considers the previous (i.e. historical) resource estimates to be relevant and reliable and consistent with JORC standards for the reporting of coal resources*". The Company considers the Kjirt historical estimate to be relevant and reliable. However, irrespective of the Company's high regard as to the reliability and relevance of the technical information used to derive the estimates, for the quality of work conducted by Shell and Kjirt, and for the Aus.I.M.M. reporting standards, these estimates are 'historical' estimates and should not be interpreted as being current. There are no more recent estimates or data available to the Company.

The Ownaview deposit is located approximately 12km to the north of Dalby and is connected to Brisbane and port facilities by rail some 210km. Ownaview is only 80km from the Tarong Powerhouse and could supply coal to either this station or the Swanbank Power Station near Ipswich, or alternatively to the export market.

EPC 640 (Collingwood)

Based on data from 58 drillholes, in 1984 Shell reported '*in-situ reserves*' of 140 million tonnes with less than a 7.5:1 strip ratio. Shell reported the coal as having a "*moderate ash content (15-20%) and high specific energy, and could be marketed locally as a raw coal or easily beneficiated to a low ash export product*". In 1995 resource estimates published in the Queensland Government Mining Journal were reported as 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, for a total measured and indicated resource of 115 million tonnes. The January 26th, 1998 news release stated the most recent, and lower, of these estimates, being "*85 million tonnes of measured and 30 million tonnes of indicated, open-cut reserves*".

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The July 15th, 2004 news release stated that "*the historical resource estimate for Collingwood was reported in the news release dated January 26, 1998 as being a measured coal resource of 85 million tonnes, with a further indicated coal resource of 30 million tonnes*". This was a misquote; the January 26th, 1998 news release clearly states these estimates as being 'reserves' and not 'resources'. The Company considers Shell to be competent operators and both the technical data base and derived estimates to be relevant and reliable. However, both the Shell and QDME estimates are historical estimates. There are no current estimates at Collingwood. There are no more recent estimates or data available to the Company.

In the clarified reported estimates the Company emphasizes that all estimates quoted were 'historical' and are not supported by a NI 43-101 Technical Report and are therefore not to be relied upon. There are no current estimates.

Under Section 3.4 of NI43-101 standards of disclosure for mineral projects it is a requirement that a statement be included "*that resources which are not reserves do not have demonstrated economic viability*". The Company cautions that even where historical reserves have been quoted, their economic viability may have changed significantly, either positively or negatively, since the estimates were made.

It is not known to the extent to which any of the estimates may be materially affected by any environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. All three coal deposits occur in areas with existing open-cut and underground coal mines in the Queensland coalfields that have been the subject of massive infrastructure projects that include dams, power stations, rail links, roads and port facilities. The operating costs of Queensland coal mines makes them extremely competitive with some of the lowest production costs in the world.

In December 2004 DJB contracted Global Asset Resource Exchange Pty Ltd ("GRAX") to solicit offers from prospective bidders for the purchase of MDL 282 a process that was ongoing throughout December 2004 and January 2005. As of January 24th, 2005 seven offers to purchase MDL 282 had been received. Because of the complexity of several bids that involved the evaluation of capped and interpolated royalties, funding conditions of cash bids, approvals by foreign government bodies and reserve banks, and other conditional aspects of the various bids, the review process was not completed until March 2nd, 2005.

Although the bid process is now complete, nothing prevents the Company from considering updated and/or future offers for any of the three coal properties. The Company will continue to review its options and proceed with the advancement of the projects in order to increase their value and take advantage of the current demand for coal assets.

Makapa Property, Guyana

The Company announced in October 2004 that it would not be continuing with its option agreement to acquire the shares of Makapa Mining Inc. in Guyana and subsequently wrote off the property off in January 2005. During the course of the past year and throughout the shut down of operations in Guyana the Company advanced funds to a company owned by a former director to be applied towards mineral property exploration and the cost of shut down. However as of the date of this report the Company and its auditors have not had sufficient access to the records of such company to adequately detail the use of these funds for accounting purposes. Accordingly these funds have been accounted for as an advance and have been written off to operations. Notwithstanding this the Company, together with its agents in Guyana, is continuing with efforts to ascertain the manner in which the funds were applied in order to determine what, if any, further action may be required in this regard.

Selected Annual Financial Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the Financial Statements.

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	Year Ended January 31, 2005	Year Ended January 31, 2004	Year Ended January 31, 2003
Total revenues	\$ 27,632	\$ 23,267	\$ -
Net loss	(3,949,364)	1,341,717	5,781,109
Basic and diluted loss per share	(0.10)	(0.05)	(0.26)
Total assets	1,290,109	4,712,145	82,898
Total long-term liabilities	-	-	-
Cash dividends	-	-	-

The Company earns interest revenue from cash held in banks and guaranteed investments held as short term investments. In 2003, the Company completed a \$3.2 million private placement financing and acquired the gold project in Guyana. During fiscal 2005, management decided not to continue to pursue an interest in this project and consequently all acquisition and deferred exploration costs were written-off to operations. Currently, the Company continues to focus on its coal projects in Australia and also actively seeks new projects of merit. Also during the current year ended, 1,066,272 share purchase warrants were exercised for total proceeds of \$533,136.

The Company's accounting policy is to record its mineral properties at cost. Exploration and development expenditures relating to mineral properties are deferred until either the properties are brought into production, at which time they are amortized on a unit of production basis, or until the properties are sold or abandoned, at which time the deferred costs are written off.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

Results of Operations

The Company incurred a loss of \$3,949,364 (2004 - \$1,341,717) during the year ended January 31, 2005. Some of the significant expenses are as follows:

	For the Year Ended Jan 2005	For the Year Ended Jan 2004
EXPENSES		
Administration fees	30,000	10,000
Consulting	246,231	175,879
Rent	46,161	19,600
Travel and auto	26,854	53,385
Write-off of mineral property	1,042,969	-
Write-off of deferred exploration costs	1,210,309	-
Write-off of exploration advances	1,179,399	-

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Administration Fees – During the current year, the Company engaged a corporate services firm to handle the ongoing administration functions of the Company. This company commenced services in November 2003.

Consulting – With the acquisition of the Makapa project in 2003, the Company paid higher consulting fees resulting from work on this project. This increase is reflected in the current year; however, as a result of management electing to abandon this project during the third quarter of the current year, it is anticipated a decrease in consulting expense for the up coming year will occur.

Write-off of Mineral Property / Deferred Exploration Costs / Exploration Advances – The costs associated with the write-off of the mineral property, deferred exploration costs and exploration advances on the Makapa project in Guyana, represented the majority of the three month and nine month period losses for the current period. Management announced during the third quarter of fiscal 2005 that it had elected not to proceed with the option to acquire the Makapa project.

Rent – The increase in rent for the year ended January 31, 2005, as compared to the year ended January 31, 2004 was related to increase in rental changes on existing spaces and for rental space in Toronto, Canada. This space was rented for certain consultants working on the Makapa project. The Company has no further obligations in connection with the rental space in Toronto.

Travel – This expense decreased in the year ended January 31, 2005 compared to January 31, 2004 due to the decrease in travel to Guyana. The travel and related costs in 2004 were associated to the acquisition and exploration of the Makapa project.

Summary of Quarterly Results

	Three Months Ended January 31, 2005	Three Months Ended October 31, 2004	Three Months Ended July 31, 2004	Three Months Ended April 30, 2004
Total assets	\$ 1,290,109	\$ 906,580	\$ 4,575,149	\$ 4,564,906
Mineral properties and deferred costs	1	1	3,036,653	2,377,511
Working capital	1,120,872	692,845	1,205,031	2,016,597
Interest Income	27,632	4,600	7,133	12,602
Net Loss	(103,106)	(3,554,225)	(159,247)	(132,786)
Earnings (loss) per share	(0.01)	(0.09)	(0.01)	(0.01)
Write-off of mineral property	-	(3,432,677)	-	-
Stock-based compensation	-	-	-	-

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	Three Months Ended January 31, 2004	Three Months Ended October 31, 2003	Three Months Ended July 31, 2003	Three Months Ended April 30, 2003
Total assets	\$ 4,712,145	\$ 4,038,221	\$ 309,307	\$ 299,267
Mineral properties and deferred costs	1,831,712	1,165,429	39,326	29,744
Working capital	2,693,981	2,683,090	186,167	183,152
Interest income	19,171	3,312	664	120
Net Income (loss)	(1,000,010)	(257,885)	(42,880)	(40,942)
Earnings (loss) per share	(0.03)	(0.01)	(0.01)	(0.01)
Write-off of mineral property	-	-	-	-
Stock-based compensation	(901,666)	-	-	-

Significant changes in key financial data between the comparative periods can be attributed to the acquisition of the Company's mineral property and from the closing of its private placement during 2003. During the current year, the Company announced that it would not be proceeding with the option to acquire the Makapa property in Guyana. Accordingly, all related costs were written-off to operations. This write-off represented \$3,432,677 of the current period loss. Also, the Company incurred a \$901,666 stock-based compensation expense at the previous fiscal year end as a result of the Black-Scholes option pricing model from the granting of stock options.

Liquidity

The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	January 31, 2005	January 31, 2004
Working capital	\$ 1,120,872	\$ 2,693,981
Deficit	(13,408,512)	(9,459,148)

Net cash used in operating activities for the year ended January 31, 2005 was \$474,532 compared to net cash used of \$430,314 during the year ended January 31, 2004. The cash used in operating activities for the period consists primarily of the operating loss. During both years there were significant items not affecting cash. In the current year, the Company wrote off mineral property, deferred exploration costs and exploration advances totaling \$3,432,677. In the previous year, the Company incurred a cost of \$901,666 attributed to stock-based compensation expense as a result of the Black-Scholes option pricing model.

Net cash used in investing activities for the year ended January 31, 2005, was \$1,474,986 compared to net cash used in investing activities of \$1,071,721 during the year ended January 31, 2004. Cash used during both periods consists primarily of exploration expenditures on the Company's mineral property in Guyana.

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Financing activities provided cash of \$528,564 during the year ended January 31, 2005, compared to \$4,074,466 provided by financing activities for the year ended January 31, 2004. Cash provided during the previous year consisted of the exercise of share purchase warrants and the completion of a \$3,200,000 private placement financing. In the current year the cash provided was from the exercise of share purchase warrants.

Capital Resources

The Company has sufficient funds to meet its property commitments for 2005 and cover anticipated administrative expenses throughout the year. The Company will continue to focus its development efforts in Queensland, Australia on the Company's coal deposits.

Related Party Transactions

The Company entered into the following transactions with related parties during the period:

- a) Paid or accrued consulting fees of \$175,732 (2004 - \$88,000) to Buccaneer Management Inc. and 1584312 Ontario Inc., companies controlled by a director and former director of the Company.
- b) Paid or accrued rent of \$46,161 (2004 - \$19,600) to 641485 B.C. Ltd. and 1584312 Ontario Inc., companies controlled by a director and former director of the Company.
- c) Paid or accrued consulting fees of \$18,000 (2004 - \$8,000) to Tabo Investments Ltd. ("Tabo"), a company controlled by the Chief Financial Officer of the Company.
- d) Paid or accrued management fees of \$54,000 (2004 - \$24,000) to Tabo, a company controlled by the Chief Financial Officer of the Company.
- e) Paid or accrued project supervision fees of \$Nil (2004 - \$81,600) to Guyana Shields Resources Inc., a company controlled by a former director of the Company which had been capitalized to deferred exploration costs. These costs were written-off to operations during the year ended January 31, 2005.

As of January 31, 2005, accounts payable included \$22,524 (2004 - \$Nil) owed to a company with a common director.

Included in advance to related parties at January 31, 2005 is \$Nil (2004 - \$140,010) were to companies controlled by a director of which \$Nil (2004 - \$126,389) was for exploration advances.

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

Management Changes

During the year, Mr. Hilbert Shields resigned from the board of directors.

Financial Instruments

- (a) Fair value

The Company's financial instruments consist of cash and equivalents, term deposits, receivables, deposit and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

- (b) Currency risk

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The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Subsequent Events

Subsequent to January 31, 2005, 2,050,000 share purchase warrants were exercised at an exercise price of \$0.50 per share. This netted the treasury \$1,025,000.

Additional Information

As at May 20, 2005, the Company had:

- a) 44,501,165 common shares outstanding.
- b) 4,550,000 stock options outstanding.
- c) 8,073,234 share purchase warrants outstanding.

Cautionary Statement on Forward Looking Information

This Management Discussion and Analysis may contain forward-looking statements that involve risks and uncertainties. When used in this Management Discussion and Analysis, the words “believe,” “anticipates,” “expects” and similar expressions are intended to identify such forward looking statements. The Issuer’s actual results may differ significantly from the results discussed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Issuer undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.