

SENNEN RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

AUDITORS' REPORT

To the Shareholders of
Sennen Resources Ltd.

We have audited the consolidated balance sheets of Sennen Resources Ltd. as at January 31, 2008 and 2007 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, 2008 and 2007 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 LLP”

Vancouver, Canada

Chartered Accountants

May 23, 2008



SENNEN RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS
AS AT JANUARY 31

| | 2008 | 2007 |
|--------------------------------------|----------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash and equivalents | \$ 14,203,640 | \$ 1,637,829 |
| Receivables (Note 4) | 3,936,805 | 54,534 |
| Prepaid expenses | <u>582</u> | <u>14,301</u> |
| | 18,141,027 | 1,706,664 |
| Long-term receivable (Note 4) | 3,672,321 | - |
| Deferred costs (Note 4) | - | 104,551 |
| Mineral properties (Note 4) | <u>-</u> | <u>1</u> |
| | <u>\$ 21,813,348</u> | <u>\$ 1,811,216</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|--|----------------------|---------------------|
| Current | | |
| Accounts payable and accrued liabilities | \$ 69,127 | \$ 100,394 |
| Income taxes payable | <u>6,059,000</u> | <u>-</u> |
| | <u>6,128,127</u> | <u>100,394</u> |
| Shareholders' equity | | |
| Capital stock (Note 6) | 14,628,577 | 14,628,577 |
| Contributed surplus (Note 6) | 1,365,053 | 1,215,406 |
| Deficit | <u>(308,409)</u> | <u>(14,133,161)</u> |
| | <u>15,685,221</u> | <u>1,710,822</u> |
| | <u>\$ 21,813,348</u> | <u>\$ 1,811,216</u> |

Nature of operations (Note 1)

Commitments (Note 8)

Subsequent events (Note 12)

On behalf of the Board:

 "Ian Rozier"

Director

 "Douglas B. 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

| | 2008 | 2007 |
|---|---------------------|------------------------|
| EXPENSES | | |
| Administration fees | \$ 30,988 | \$ 13,872 |
| Amortization | - | 17,054 |
| Consulting | 177,816 | 179,750 |
| Directors' fees | 20,000 | 20,000 |
| (Gain) loss on foreign exchange | 96,536 | (1,303) |
| Interest on obligation under capital lease | - | 3,573 |
| Management fees | 88,000 | 72,000 |
| Office and miscellaneous | 6,940 | 17,530 |
| Professional fees | 103,546 | 52,795 |
| Property investigation costs | 34,152 | - |
| Rent | 60,000 | 48,000 |
| Stock-based compensation (Note 7) | 149,647 | 240,706 |
| Transfer agent and filing fees | 20,102 | 15,505 |
| Travel and automotive | <u>35,831</u> | <u>9,389</u> |
| Loss before other items and income taxes | <u>(823,558)</u> | <u>(688,871)</u> |
| OTHER ITEMS | | |
| Interest income | 650,695 | 50,234 |
| Gain on disposition of mineral properties (Note 4) | 20,125,615 | 435,800 |
| Gain on termination of lease | <u>-</u> | <u>15,698</u> |
| | <u>20,776,310</u> | <u>501,732</u> |
| Income (loss) before income taxes | 19,952,752 | (187,139) |
| Income tax expense | <u>6,128,000</u> | <u>-</u> |
| Net income (loss) and comprehensive income (loss) for the year | 13,824,752 | (187,139) |
| Deficit, beginning of year | <u>(14,133,161)</u> | <u>(13,946,022)</u> |
| Deficit, end of year | <u>\$ (308,409)</u> | <u>\$ (14,133,161)</u> |
| Earning (loss) per common share: | | |
| Basic | \$ 0.31 | \$ (0.01) |
| Diluted | 0.30 | (0.01) |
| Weighted average number of common shares outstanding: | | |
| Basic | 44,501,165 | 44,501,165 |
| Diluted | 46,368,013 | 44,501,165 |

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

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

| | 2008 | 2007 |
|---|-----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) for the year | \$ 13,824,752 | \$ (187,139) |
| Items not affecting cash: | | |
| Amortization | - | 17,054 |
| Stock-based compensation | 149,647 | 240,706 |
| Gain on termination of lease | - | (15,698) |
| Gain on disposition of mineral properties | (20,125,615) | (435,800) |
| Interest income accreted | (258,141) | - |
| Unrealized foreign exchange | 84,224 | - |
| Equity gain on sale of subsidiary | (56,050) | - |
| Change in non-cash working capital items: | | |
| Increase in receivables | 10,389 | (6,800) |
| Decrease in prepaid expenses and deposit | 13,719 | 21,265 |
| Increase (decrease) in accounts payable and accrued liabilities | (10,926) | 33,129 |
| Increase in income taxes payable | <u>6,059,000</u> | <u>-</u> |
| Net cash used in operating activities | <u>(309,001)</u> | <u>(333,283)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Deferred costs | - | (84,210) |
| Proceeds on sale of mineral properties | 13,870,854 | 435,800 |
| Costs of disposition | <u>(996,042)</u> | <u>-</u> |
| Net cash provided by investing activities | <u>12,874,812</u> | <u>351,590</u> |
| CASH FLOWS FROM FINANCING ACTIVITY | | |
| Repayment of obligation under capital lease | <u>-</u> | <u>(4,427)</u> |
| Net cash used in financing activity | <u>-</u> | <u>(4,427)</u> |
| Increase in cash and equivalents during the year | 12,565,811 | 13,880 |
| Cash and equivalents, beginning of year | <u>1,637,829</u> | <u>1,623,949</u> |
| Cash and equivalents, end of year | <u>\$ 14,203,640</u> | <u>\$ 1,637,829</u> |
| Cash and equivalents consists of: | | |
| Cash | \$ 124,197 | \$ 20,849 |
| Term deposits | <u>14,079,443</u> | <u>1,616,980</u> |
| | <u>\$ 14,203,640</u> | <u>\$ 1,637,829</u> |

Supplemental disclosure with respect to cash flows (Note 9)

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

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. The Company is in the process of evaluating mineral property opportunities.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of its wholly-owned subsidiaries Sennen Resources (Barbados) Ltd, Huisan In. and Racehorse Investments Inc. for the year and Ribfield Pty. Ltd. (“Ribfield”) to the date of disposition. All intercompany accounts and transactions have been eliminated on 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 amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination or fair value of impairment of assets, receivables, stock-based compensation and income taxes. Financial results as determined by actual events could differ from those estimates.

Consolidation of variable interest entities

The Company has adopted CICA Accounting Guideline 15 “Consolidation of Variable Interest Entities”. The guideline provides guidance for the identification and reporting of entities over which control is achieved through means other than voting rights. The guideline requires companies to identify variable interest entities (“VIE”) in which they have an interest, determine whether they are the primary beneficiary of the VIE and if so, consolidate the VIE. A VIE is an entity which either does not have sufficient equity at risk to finance its activities without subordinated financial support or where the holders of the equity at risk lack the characteristics of a controlling financial interest. The primary beneficiary is the party, if any, that will receive a majority of the VIEs expected residual returns, or absorb the majority of its expected losses, or both. The Company has no VIEs.

Foreign currency translation

The accounts of subsidiaries, which are integrated operations, are translated using the temporal method. Under this method the monetary assets and liabilities of the Company that are translated at the rate of exchange at the balance sheet date while non-monetary assets and liabilities are translated at historical rate of exchange. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

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

Deferred costs

Direct costs such as legal, accounting, due diligence and filing fees relating to the potential sale of mineral properties were deferred and applied towards the sale when completed. Such costs are expensed if the potential sale does not complete.

Mineral properties

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition and exploration of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

The recorded cost of mineral exploration interests is based on cash paid, the value of share considerations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependant on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company does not have any significant asset retirement obligations.

Stock-based compensation

Stock options and direct awards of stock granted to employees and non-employees are recorded at fair value on the date of grant and the associated expense is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

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

Earnings (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 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 year. For fiscal 2007, this calculation proved to be anti-dilutive.

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

Income taxes

Income taxes are recorded using the asset and liability method whereby future 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 year 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.

Comparative figures

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

Change in accounting policies

Effective February 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861 Financial Instruments – Disclosure and Presentation and Section 2865 Hedges. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet either at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

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

Change in accounting policies (cont'd...)

As a result of the adoption of these new standards, the Company has classified its cash and equivalents as held-for-trading. Receivables, prepaid expenses and long-term receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost. There was no material effect on the financial statements as at January 1, 2007 as a result of adopting these policies.

Accounting changes

The AcSB issued CICA Handbook Section 1506. The main features of this new standard are (a) voluntary changes in accounting policy are made only if they result in the financial statements providing reliable and more relevant information; (b) changes in accounting policy are applied retrospectively unless doing so is impracticable (as defined in the section); (c) prior period errors are corrected retrospectively; and (d) new disclosures are required in respect of changes in accounting policies, changes in accounting estimates and correction of errors. This new standard was effective for fiscal years beginning on or after January 1, 2007.

Recent accounting standards

Assessing going concern

The AcSB amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after February 1, 2008.

Financial instruments

The AcSB issued CICA Handbook Section 3862, *Financial Instruments – Disclosures*, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation*, and Section 3865, *Hedges*. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

The AcSB issued CICA Handbook Section 3863, *Financial Instruments – Presentation*, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Capital disclosures

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

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

Recent accounting standards (cont'd...)

Goodwill and intangible assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

International financial reporting standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, receivables and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest risk 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.

Credit Risk

The Company is exposed to credit risk with respect to collectability of receivables and long-term receivable. The Company mitigates the credit risk through bank guarantees on the receivable amounts.

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2008

4. MINERAL PROPERTIES

| | Ownaview/ Middlemount/ Collingwood, Australia |
|--------------------------------------|--|
| Balance at January 31, 2006 and 2007 | \$ 1 |
| Disposition of mineral properties | (1) |
| Balance at January 31, 2008 | \$ - |

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.

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, 2008, the Company completed the sale of its interest in the Middlemount project through the sale of the issued shares of Ribfield, for \$13,440,750 (AUD\$15,000,000) of which \$435,800 (AUD \$500,000) was received and included in income in fiscal 2007. During fiscal 2008 the Company received \$4,928,275 (AUD\$5,500,000) and also received bank guarantees for the balance of the proceeds to be received as to 50% on the earlier of June 30, 2008 or first production and 50% twelve months thereafter. Management estimates the net present value of the receivable to be \$8,942,579 (AUD \$9,980,000) based on a discount rate of 6% over the term of the receivable to represent the fair value on the date of the transaction.

Additionally, during the year ended January 31, 2008, the Company completed the sale of its interests in the Collingswood and Ownaview Coal projects for consideration of \$8,942,579 (AUD\$9,980,000).

The Company incurred disposition costs of \$1,137,890 (2007 - \$104,551) relating to the sale of its mineral properties.

5. RELATED PARTY TRANSACTIONS

During the year ended January 31, 2008, the Company entered into the following transactions with related parties:

- a) Paid or accrued consulting fees of \$156,000 (2007 - \$144,000) to a company controlled by a director and to a director.
- b) Paid or accrued management fees of \$88,000 (2007 - \$72,000) to a company controlled by an officer.

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2008

5. RELATED PARTY TRANSACTIONS (cont'd...)

- c) Paid or accrued rent of \$60,000 (2007 - \$48,000) to a company controlled by a director.
- d) Paid or accrued directors' fees of \$20,000 (2007 - \$20,000) to a director of the Company.
- e) Paid or accrued bonuses, included in costs of disposition, of \$300,000 (2007 - \$Nil), to companies controlled by officers or directors.

As at January 31, 2008, accounts payable included \$7,609 (2007 - \$7,609) owed to a director and 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.

6. 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, 2006 | 44,501,165 | \$ 14,628,577 | \$ 974,700 |
| Stock-based compensation | - | - | 240,706 |
| Balance as at January 31, 2007 | 44,501,165 | 14,628,577 | 1,215,406 |
| Stock-based compensation | - | - | 149,647 |
| Balance as at January 31, 2008 | 44,501,165 | \$ 14,628,577 | \$ 1,365,053 |

| | January 31, 2008 | January 31, 2007 |
|--|---------------------|---------------------|
| Weighted average number of common share | 44,501,165 | 44,501,165 |
| Effect of dilutive stock options | 1,866,848 | - |
| Diluted weighted average number of common shares | 46,368,013 | 44,501,165 |

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2008

7. STOCK OPTIONS AND WARRANTS

Stock options

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 an 18 month vesting schedule and have a maximum term of five years.

At January 31, 2008, 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 (Note 12) |
| 145,000 | 0.20 | November 20, 2011 |

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 | (80,000) | 0.20 |
| Outstanding as at January 31, 2007 and 2008 | 5,125,000 | \$ 0.20 |
| Exercisable as at January 31, 2008 | 5,088,750 | \$ 0.20 |

Stock-based compensation

During the year ended January 31, 2008, the Company granted Nil (2007 – 5,205,000) stock options with a fair value of \$Nil (2007 - \$394,084) or \$Nil (2007 - \$0.08) per option using the Black-Scholes option pricing model. Of this amount, \$149,647 and \$240,706 has been recorded as stock-based compensation for the 2008 and 2007 fiscal years respectively. 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.

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. STOCK OPTIONS AND WARRANTS (cont'd...)

Stock-based compensation (cont'd...)

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

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

Warrants

As at January 31, 2008, there were no outstanding share purchase warrants.

8. 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:

| | |
|------|-------------------|
| 2009 | \$ 65,000 |
| 2010 | 71,500 |
| 2011 | <u>12,100</u> |
| | <u>\$ 148,600</u> |

- b) The Company entered into management contracts with companies having common directors. The Company has agreed to pay the companies a total of \$25,000 per month. These contracts will remain in force on a continuous basis. The contracts can be terminated by the Company by providing 60 days written notice.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

| | 2008 | 2007 |
|----------------------------|------|----------|
| Cash paid for income taxes | \$ - | \$ - |
| Cash paid for interest | \$ - | \$ 3,573 |

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

The significant non-cash transactions for the year ended January 31, 2008 consisted of:

- a) the Company recorded a long-term receivable of \$3,803,986 and a current receivable of \$3,588,666 pursuant to the disposition of its mineral properties; and
- b) the application of deferred costs of \$104,551 to disposition of mineral property.

The significant non-cash transactions for the year ended January 31, 2007 consisted of:

- a) the accrual of \$20,341 for deferred costs; and
- b) the termination of a capital lease resulting in a reduction to each of equipment and obligation under capital lease of \$52,157.

10. INCOME TAXES

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

| | 2008 | 2007 |
|--|---------------|--------------|
| Income (loss) before income taxes | \$ 19,952,752 | \$ (187,139) |
| Expected income tax (recovery) | \$ 6,764,000 | \$ (66,621) |
| Non-deductible and other expenses | 341,000 | (665) |
| Difference in foreign tax rates | (837,000) | - |
| Unrecognized (recognized) benefits of non-capital losses | (140,000) | 67,286 |
| Income tax expense | \$ 6,128,000 | \$ - |

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

| | 2008 | 2007 |
|---|------------|--------------|
| Future income tax assets: | | |
| Mineral properties and deferred exploration costs | \$ 161,000 | \$ 2,086,000 |
| Other items | 4,000 | 10,000 |
| Non-capital loss carryforwards | 395,000 | 529,000 |
| | 560,000 | 2,625,000 |
| Valuation allowance | (560,000) | (2,625,000) |
| Net future income tax assets | \$ - | \$ - |

SENNEN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. INCOME TAXES (cont'd...)

The Company has non-capital losses carried forward of approximately \$1,500,000 which expire through to 2028. They may be utilized to offset future taxable income. Subject to certain restrictions, the Company also has resource expenditures of approximately \$620,000 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.

11. 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:

| | 2008 | 2007 |
|-----------|------|------|
| Canada | \$ - | \$ - |
| Australia | - | 1 |
| | \$ - | \$ 1 |

12. SUBSEQUENT EVENT

Subsequent to January 31, 2008, the Company issued 3,497,500 common shares pursuant to the exercise of stock options for proceeds of \$699,500, while 1,580,000 stock options exercisable at \$0.20 per share, expired unexercised.

SENNEN RESOURCES LTD.

Management Discussion and Analysis

For the Year ended January 31, 2008

This discussion and analysis of financial position and results of operations is prepared as at May 26, 2008 and should be read in conjunction with the audited consolidated financial statements for the year ended January 31, 2008 and the related notes thereto. Those audited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. These documents are available for viewing at www.sedar.com. 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 a natural resource company engaged in the acquisition and exploration of mineral properties. The Company trades on the TSX Venture Exchange under the symbol SN.

Overall Performance

The Company held title to three coal deposits in Queensland, Australia, being the Ownaview, Middlemount and Collingwood projects since the first quarter of 1998.

On May 31, 2007, the Company held a special general meeting and received shareholder approval for the sale of these coal projects. This was in accordance with the provisions of the British Columbia *Business Corporations Act*, whereby a company incorporated in British Columbia cannot sell, lease or otherwise dispose of all or substantially all of its undertaking unless it does so in the ordinary course of its business or it has been authorized to do so by a special resolutions of its shareholders.

On June 30, 2007, the Company completed the sale of the Middlemount project for the purchase price of AUD\$15,000,000 which is payable as follows:

- ? AUD\$500,000 was paid as a non-refundable deposit to Huisan Inc. (Sennen’s wholly owned subsidiary) (“Huisan”) by Custom Mining (Middlemount) Pty Ltd. (“Custom Mining”) upon execution of the Agreement;
- ? AUD\$5,500,000 was paid by Custom Mining to Huisan at June 30, 2007;
- ? AUD\$4,500,000 will be payable by Custom Mining to Huisan on the earlier of June 30, 2008 and “First Production”, being the removal of 10,000 tonnes from its *in situ* location from the Middlemount Deposit for the purposes of sale; and
- ? AUD\$4,500,000 will be payable by Custom Mining to Huisan on June 30, 2009.

On August 1, 2007, the Company reported the receipt of the total sale price of AUD\$10,000,000 from the sale of Sennen’s interest in the Collingwood and Ownaview coal projects details of which were provided in a news release dated February 15, 2007.

As at the date of this report, Sennen’s cash and cash equivalents position is approximately CAD\$16 million, with a further AUD\$9,000,000 due from the sale of the Middlemount Coal deposit, for which bank guarantees have been provided (News Release dated June 28th, 2007).

Selected Annual Financial Information

| | Year Ended January 31, 2008 | Year Ended January 31, 2007 | Year Ended January 31, 2006 |
|---|--------------------------------|--------------------------------|--------------------------------|
| Interest income | \$ 650,695 | \$ 50,234 | \$ 39,164 |
| Gain on sale of properties | 20,125,615 | 435,800 | - |
| Net income before taxes | 19,952,752 | - | - |
| Net income (loss) | 13,824,752 | (187,139) | (537,510) |
| Basic and diluted earnings (loss) per share | 0.31/0.30 | (0.01)/- | (0.01)/- |
| Total assets | 21,813,348 | 1,811,216 | 1,760,763 |
| Total long-term liabilities | - | - | - |
| Cash dividends | - | - | - |
| Cash Flows from (Used In): | | | |
| Operating | \$ (309,001) | \$ (333,283) | \$ (54,212) |
| Investing | 12,874,812 | 351,590 | - |
| Financing | - | (4,427) | 1,020,054 |
| Net Increase | \$ 12,565,811 | \$ 13,880 | \$ 477,842 |

In fiscal 2006, the Company continued to focus on its coal projects in Australia and also new projects of merit. During the year, the Company's working capital position improved through the exercise of 2,050,000 share purchase warrants for total proceeds of \$1,025,000.

In fiscal 2007, the Company entered into a sale agreement on the Company's interest in the Middlemount coal deposit with Middlemount Coal Pty Ltd. ("Middlemount Coal") the Company received a non-refundable AUD\$500,000 (cdn\$435,800) in connection with the transaction. Also during fiscal 2007 the Company recorded stock-based compensation expense of \$240,706 in connection with the granting of 5,205,000 stock options during the year.

In fiscal 2008, the Company completed the sale of the Middlemount coal deposit to Middlemount Coal. Additionally during fiscal 2008, the Company sold the Ownview and Collingwood coal deposits to Mitsui. Total cash proceeds received on the sale of the three coal deposits in 2008 totaled \$12,874,812 net of disposition costs on the sale of the three coal deposits.

Results of Operations

During the year ended January 31, 2008, the Company had net income of \$13,824,752 compared to a loss of \$187,139 for the year ended January 31, 2007. The significant changes during the year ended January 31, 2008 compared to the year ended January 31, 2007 are as follows:

- ? During the year ended January 31, 2008, the Company recorded amortization expenses of \$Nil as compared to \$17,054 during the year ended January 31, 2007. The Company disposed of its equipment during fiscal 2007.
- ? Property investigation costs increased to \$34,152 during the year ended January 31, 2008 from \$Nil during the year ended January 31, 2007 as a result of the Company hiring certain geological consultants to identify projects of merit, since the sale of the coal projects.
- ? During the year ended January 31, 2008, the Company recorded a loss on foreign exchange of \$96,536 compared to a gain of \$1,303 recorded in the year ended January 31, 2007. This was a

result of the currency fluctuations between the Canadian and Australian dollars. The Company's term deposits are currently held in Australian dollars.

- ? During the year ended January 31, 2008, professional fees increased to \$103,546 from the \$52,795 incurred during the year ended January 31, 2007 as a result of additional expenses incurred in connection with the sale of the coal deposits and increased professional costs.
- ? During the year ended January 31, 2008, the Company incurred management fees of \$88,000 as compared to the \$72,000 incurred during the year ended January 31, 2007. This increase was related to the increase in the contract with the Company's Chief Financial Officer.
- ? Stock-based compensation expense of \$149,647 (2007 - \$240,706) was recorded during the year ended January 31, 2008 with respect to 5,205,000 options granted during fiscal 2007. Pursuant to the Company's stock option plan, this amount represented the fair value of the vested options.
- ? Travel and related costs increased to \$35,831 during the year ended January 31, 2008 from the \$9,389 incurred during the year ended January 31, 2007 due to the increased travel in relation to the sale of the coal projects.
- ? Interest income of \$650,695 was earned during the year ended January 31, 2008 on cash held in short-term investments from the sale of the coal deposits, which included accreted interest of \$258,141 on the net present value calculation on the two outstanding receivables in connection with the sale of the Middlemount coal project. A discount rate of 6% was used over the term of the receivable. This compares to interest income of \$50,234 earned during the year ended January 31, 2007.
- ? During the year ended January 31, 2008 the Company recorded a gain on the sale of mineral properties totaling \$20,125,615. This was in connection to sale of the three coal deposits and resulted in a tax liability of \$6,059,000. During the year ended January 31, 2007, the Company received \$435,800 (AUD\$500,000) a non-refundable deposit in connection with the sale of the Middlemount coal project.

Fourth Quarter Results

The Company recorded a loss of \$6,376,064 for the three month period ended January 31, 2008 or \$0.14 loss per common share compared to a net income of \$334,823 or \$0.01 per common share during the comparative period ended January 31, 2007. The net income in the prior period was primarily a result of the \$435,800 (AUD\$500,000) from the gain on sale of mineral property. This was in connection with non-refundable deposit received by the Company on the proposed sale of the Middlemount coal deposit. In the current fourth quarter, the Company's loss was primarily attributed to the \$6,128,000 tax expense recorded in connection with the sale of three coal deposits. Additionally, the Company earned \$450,444 in interest income during fourth quarter of fiscal 2008 compared to \$11,981 earned in the comparative period. Otherwise, total administrative expenses between the two comparative periods were similar.

Quarterly Information

The following table sets forth selected audited consolidated financial information prepared by management of the Company.

Summary of Quarterly Results

| | Three Months Ended January 31, 2008 | Three Months Ended October 31, 2007 | Three Months Ended July 31, 2007 | Three Months Ended April 30, 2007 |
|---|---|---|--|---|
| Total assets | \$21,813,348 | \$22,976,655 | \$24,107,565 | \$1,666,365 |
| Working capital | 12,012,900 | 17,973,420 | 18,587,394 | 1,486,324 |
| Interest income | 450,444 | 154,355 | 35,161 | 10,735 |
| Net income (loss) | (6,376,064) | (663,235) | 21,007,983 | (143,932) |
| Earnings (loss) per share - basic/diluted | (0.14) | (0.01) | 0.47/0.45 | (0.01) |

| | Three Months Ended January 31, 2007 | Three Months Ended October 31, 2006 | Three Months Ended July 31, 2006 | Three Months Ended April 30, 2006 |
|---|---|---|--|---|
| Total assets | \$1,811,216 | \$1,427,701 | \$1,524,166 | \$1,654,932 |
| Working capital | 1,606,270 | 1,258,820 | 1,370,362 | 1,482,700 |
| Interest income | 11,981 | 16,892 | 9,113 | 12,248 |
| Net income (loss) | 334,823 | (115,589) | (211,740) | (194,633) |
| Earnings (loss) per share - basic/diluted | 0.01/0.01 | (0.01)/- | (0.01)/- | (0.01)/- |

The audited consolidated 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.

Fiscal 2008

During the first quarter of fiscal 2008, the Company recorded a gain on foreign exchange of \$32,880. This was in connection with the AUD\$500,000 non-refundable deposit received during the fourth quarter of fiscal 2007 on the pending sale of the Middlemount project. Additionally, the Company incurred \$25,275 deferred costs in connection with this sale during the three months ended April 30, 2007.

During the second quarter of fiscal 2008, the Company completed on the sale of the Ownaview and Collingwood deposits for a total of AUD\$10,000,000. Additionally, the Company completed on the sale of the Middlemount deposit for total proceeds of AUD\$15,000,000. As of the date of this report, the Company has received AUD\$6,000,000 and has bank guarantees to receive the balance of AUD\$9,000,000 over a two year period. The AUD\$9,000,000 has been recorded 50% in current receivables and 50% as a long-term receivable both receivables were calculated based on net present value. During the third quarter of fiscal 2008, the Company recognized a foreign exchange loss of \$634,606 as a result of the currency fluctuation of the Australian dollar on the Company's approximate \$15.9 million Australian dollars held in cash and equivalents. Also, during the third quarter, the Company earned \$154,355 in interest income primarily on these short-term deposits.

In the fourth quarter of fiscal 2008, the Company earned \$450,444 in interest income on short-term deposits held by the Company, of which \$258,141 was the accreted interest in connection with the net present value calculation on the Company's receivables. Additionally in the fourth quarter, taxes payable were calculated at \$6,059,000 on the sale of the coal deposits.

Fiscal 2007

In the four quarters of fiscal 2007, the Company's overall administrative expenses in each quarter continued to be consistent with the expenses of the fourth quarter of 2006. However, in fiscal 2007 the Company incurred stock-based compensation expense totaling \$240,706 as a result of the issuing incentive stock options. This expense is recorded pursuant to the vesting schedule under the Company's stock option plan. Additionally, in the fourth quarter the Company received \$435,800 (AUD\$500,000) in connection with the potential sale of the Middlemount coal project in Australia. Lastly, the Company capitalized certain legal and consulting costs totaling \$104,551 in connection with the proposed sale of the coal assets.

Liquidity and Capital Resources

The Company has no operational cash flow. At January 31, 2008, the Company had working capital of \$12,012,900, inclusive of cash and cash equivalents of \$14,203,640. This compares to working capital of \$1,606,270 at January 31, 2007, inclusive of cash on hand and equivalents of \$1,637,829.

The increase in cash during the year ended January 31, 2008, was a result of the sale of the three coal deposits for gross proceeds of AUD\$25,000,000 (AUD \$16,000,000 has been received by the Company). In connection with the sale of the Middlemount coal project the Company has a current receivable of AUD\$4,500,000 and a long-term receivable of AUD\$4,500,000 outstanding.

As at January 31, 2008, the Company had current assets of \$18,141,027 total assets of \$21,813,348 and total liabilities of \$6,128,127. The Company currently has taxes payable of \$6,059,000 in connection with the sale of the coal assets. There is no long-term debt. There are no known trends in the Company's liquidity or capital resources.

The Company has sufficient funds on hand to fund its operating expenses for the balance of fiscal 2008.

Cash flow from operations to date has not satisfied the Company's operational requirements. The development of the Company may in the future depend on the Company's ability to obtain additional financings. In the past, the Company has relied on the sale of equity securities to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Company's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurances that the Company will be successful in obtaining any such financing or in joint venturing its properties.

Related Party Transactions

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

- a) Paid or accrued consulting fees of \$156,000 (2007 - \$144,000) to Buccaneer Management Inc. ("Buccaneer") a company controlled by Ian Rozier ("Rozier") a director of the Company.
- b) Paid or accrued rent of \$60,000 (2007 - \$48,000) to 641485 B.C. Ltd. a Company controlled by Rozier.
- c) Paid or accrued management fees of \$88,000 (2007 - \$72,000) to Prospect Point Consulting Ltd. ("Prospect"), a company controlled by Barbara Dunfield, the Chief Financial Officer of the Company.
- d) Paid or accrued director's fees of \$20,000 (2007 - \$20,000) to James Robertson ("Robertson"), a director of the Company.

- e) Paid or accrued a success fee of \$300,000 (2007 - \$Nil) to Buccaneer and Prospect which was recorded in the gain on sale of mineral properties.

As of January 31, 2008, accounts payable included \$7,609 (January 31, 2007 - \$7,609) owed to Robertson and to Eastern Platinum Limited, a company with a common director, Rozier.

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.

Risk, Uncertainties and Outlook

As a company active in the mineral resource acquisition and exploration industry, the Company is exposed to a number of risks, including the financial risks associated with the fact that it has no operating cash flow and must access the capital markets to finance its activities.

There can be no assurances the Company will continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs. In addition to this having an impact on any future wholly owned projects, the Company could find itself in a position at a future time where it is unable to fund its share of costs incurred under joint venture agreements to which it is a party, and its interest in such joint ventures could be reduced or eliminated as a result.

The Company is very reliant upon its existing management, and if the services of such personnel were withdrawn for any reason, this could have a material adverse impact on the Company's operating activities.

There is intense competition within the minerals industry to acquire properties of merit, and the Company competes with other companies possessing greater technical and financial resources than itself. Even if desirable properties are secured, there can be no assurances that the company will be able to execute its exploration programs on its proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring in areas that lack infrastructure, such as the availability of essential supplies and services.

Over the past several years, the prices of commodities have increased substantially, stimulating a rapid growth in exploration expenditures and intensifying the competition for talent and services. These conditions are leading to increased costs and difficulties in scheduling contractors at times that are optimal from the Company's perspective.

The Company's future exploration activities may require permits from various governmental agencies charged with administering laws and regulations governing exploration, labor standards, occupational health and safety, control of toxic substances, waste disposal, land use, environmental protection and other matters. Failure to comply with laws, regulations and permit conditions could result in fines and/or stop work orders, costs for conducting remedial actions and other expenses. In addition, legislation changes to existing laws and regulations could result in significant additional costs to comply with the revised terms and could also result in delays in executing planned programs pending compliance with those terms.

Contingencies

The Company is not aware of any contingencies or pending legal proceedings as of May 26, 2008.

Subsequent Event

Subsequent to January 31, 2008, the Company issued 3,497,500 common shares pursuant to the exercise of stock options for proceeds of \$699,500, while 1,580,000 stock options exercisable at \$0.20 per share, expired unexercised.

Additional Information

As at May 26, 2008, the Company had:

- a) 47,998,665 common shares outstanding;
- b) 127,500 stock options outstanding with an exercise price of \$0.20 per share and expiring in November 2011; and
- c) Nil share purchase warrants outstanding.

Change in Accounting Policy Including Initial Adoption

Financial Instruments

Effective February 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (“CICA”) under CICA Handbook Section 1530 “Comprehensive Income” (“Section 1530”), Section 3251 “Equity”, Section 3855 “Financial Instruments – Recognition and Measurement” (“Section 3855”), Section 3861 “Financial Instruments – Disclosure and Presentation” and Section 3865 “Hedges”. These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories; held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

Cash is classified as held-for-trading. Receivables are classified as loans and receivables and accounts payable and accrued liabilities are classified as other liabilities and loans payable and convertible debentures are classified as loan to related parties, all of which are measured at amortized cost.

The adoption of these new sections has not had a significant impact on the Company’s financial position, results of operations and cash flows.

Recent accounting pronouncements

Goodwill and intangible assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

Assessing Going Concern

The AcSB amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

Financial Instruments

The AcSB issued CICA Handbook Section 3862, Financial Instruments – Disclosures, which requires entities to provide disclosures in their financial instruments that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, Financial Instruments – Recognition and Measurement, Section 3863, Financial Instruments – Presentation and Section 3865, Hedges. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

The AcSB issued CICA Handbook Section 3863, Financial Instruments – Presentation, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Capital Disclosures

The AcSB Issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

International Financial Reporting Standards (“IFRS”)

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transitional date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Cautionary Statement on Forward Looking Information

Certain statements contained in this document constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: mineral exploration and development costs and results, fluctuation in the prices of commodities for which the Company is exploring, foreign operations and foreign government regulations, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and obligations, and the requirement for obtaining permits and licenses for the Company’s operations in the jurisdictions in which it operates.