

**SENNEN RESOURCES LTD.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**OCTOBER 31, 2005**

**(Unaudited – prepared by management)**

## **SENNEN RESOURCES LTD.**

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**SENNEN RESOURCES LTD.**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
**AS AT OCTOBER 31**  
(Unaudited – Prepared by Management)

	October 31, 2005	January 31, 2005
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 1,733,429	\$ 1,146,107
Receivables	37,783	29,605
Prepaid expenses and deposits	<u>21,904</u>	<u>8,607</u>
	1,793,116	1,184,319
<b>Equipment</b> (Note 3)	62,147	79,980
<b>Deposits</b>	25,809	25,809
<b>Mineral properties</b> (Note 4)	1	1
<b>Deferred exploration costs</b> (Note 5)	<u>-</u>	<u>-</u>
	<u>\$ 1,881,073</u>	<u>\$ 1,290,109</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 32,728	\$ 58,814
Current portion of obligation under capital lease	<u>5,244</u>	<u>4,633</u>
	37,972	63,447
<b>Obligation under capital lease</b> (Note 7)	<u>52,613</u>	<u>56,897</u>
	<u>90,585</u>	<u>120,344</u>
<b>Shareholders' equity</b>		
Capital stock (Note 8)	14,628,577	13,603,577
Subscriptions receivable	-	-
Contributed surplus (Note 8)	974,700	974,700
Deficit	<u>(13,812,789)</u>	<u>(13,408,512)</u>
	<u>1,790,488</u>	<u>1,169,765</u>
	<u>\$ 1,881,073</u>	<u>\$ 1,290,109</u>

**Nature and continuance of operations** (Note 1)

**On behalf of the Board:**

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“Ian Rozier” Director                      “Douglas Hyndman” Director

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

**SENNEN RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
(Unaudited – Prepared by Management)

	Three Months Ended Oct 31, 2005	Three Months Ended Oct 31, 2004	Nine Months Ended Oct 31, 2005	Nine Months Ended Oct 31, 2004
<b>EXPENSES</b>				
Administration fees	\$ 7,500	\$ 7,500	\$ 22,500	\$ 22,500
Amortization	5,542	6,418	17,832	20,752
Consulting	92,387	49,110	202,831	190,396
Foreign exchange	-	-	-	4,592
Interest on obligation under capital lease	1,152	1,260	3,528	3,821
Investigation costs	-	-	-	28,951
Management fees	18,000	18,000	54,000	36,000
Office and miscellaneous	12,909	363	27,118	20,386
Professional fees	3,298	4,586	33,692	13,834
Rent	12,000	7,500	36,000	37,161
Shareholder communications	-	-	3,169	5,371
Transfer agent and filing fees	704	1,098	14,976	8,112
Travel and related costs	2,066	5,433	16,627	21,160
<b>Loss before other items</b>	<u>(155,558)</u>	<u>(101,268)</u>	<u>(432,273)</u>	<u>(413,036)</u>
<b>OTHER ITEMS</b>				
Interest income	10,716	4,600	27,996	24,335
Write-off of mineral property	-	(1,042,969)	-	(1,042,969)
Write-off of deferred exploration costs	-	(2,414,588)	-	(2,414,588)
	<u>10,716</u>	<u>(3,452,957)</u>	<u>27,996</u>	<u>(3,433,222)</u>
<b>Loss for the period</b>	(144,842)	(3,554,225)	(404,277)	(3,846,258)
<b>Deficit, beginning of period</b>	<u>(13,667,947)</u>	<u>(9,751,181)</u>	<u>(13,408,512)</u>	<u>(9,459,148)</u>
<b>Deficit, end of period</b>	<u>\$(13,812,789)</u>	<u>\$(13,305,406)</u>	<u>\$(13,812,789)</u>	<u>\$(13,305,406)</u>
<b>Basic and diluted loss per common share</b>	\$ (0.01)	\$ (0.09)	\$ (0.01)	\$ (0.09)
<b>Weighted average number of common shares outstanding</b>	44,501,165	41,384,893	44,255,900	41,408,068

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

**SENNEN RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited – Prepared by Management)

	Three Months Ended Oct 31, 2005	Three Months Ended Oct 31, 2004	Nine Months Ended Oct 31, 2005	Nine Months Ended Oct 31, 2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss for the period	\$ (144,842)	\$ (3,554,225)	\$ (404,277)	\$ (3,846,258)
Items not affecting cash:				
Amortization	5,542	6,418	17,832	20,752
Write-off of mineral property	-	1,042,969	-	1,042,969
Write-off of deferred exploration costs	-	2,414,588	-	2,414,588
Change in non-cash working capital items:				
Increase in receivables	(9,890)	(5,392)	(8,178)	(3,070)
(Increase) decrease in prepaid expenses and deposits	10,070	-	(13,297)	(37,293)
Increase (decrease) in accounts payable and accrued liabilities	<u>(13,120)</u>	<u>(113,190)</u>	<u>(26,085)</u>	<u>44,089</u>
Net cash used in operating activities	<u>(152,240)</u>	<u>(208,832)</u>	<u>(434,005)</u>	<u>(364,223)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Advances to related parties	-	174,390	-	140,010
Deferred exploration costs	-	(420,905)	-	(1,625,846)
Acquisition of equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,885)</u>
Net cash used in investing activities	<u>-</u>	<u>(246,515)</u>	<u>-</u>	<u>(1,489,721)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issuance of common shares	-	-	1,025,000	-
Repayment of obligation under capital lease	<u>(1,249)</u>	<u>(1,153)</u>	<u>(3,673)</u>	<u>(3,395)</u>
Net cash provided by financing activities	<u>(1,249)</u>	<u>(1,153)</u>	<u>1,021,327</u>	<u>(3,395)</u>
<b>Change in cash and equivalents during the period</b>	<b>(153,489)</b>	<b>(456,500)</b>	<b>587,322</b>	<b>(1,857,339)</b>
<b>Cash and equivalents, beginning of period</b>	<b><u>1,886,918</u></b>	<b><u>1,166,222</u></b>	<b><u>1,146,107</u></b>	<b><u>2,567,061</u></b>
<b>Cash and equivalents, end of period</b>	<b>\$ 1,733,429</b>	<b>\$ 709,722</b>	<b>\$ 1,733,429</b>	<b>\$ 709,722</b>

**Supplemental disclosure with respect to cash flows (Note 10)**

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

**SENNEN RESOURCES LTD.**  
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
OCTOBER 31, 2005  
(Unaudited – Prepared by Management)

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**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.

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	Oct 31, 2005	Jan 31, 2005
Deficit	\$ (13,812,789)	\$ (13,408,512)
Working capital	1,755,144	1,120,872

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**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial information does not include all of the disclosure required by generally accepted accounting principles for annual financial statements. In the opinion of management the accompanying financial information reflects all adjustments, consisting primarily of normal and recurring adjustments considered necessary for fair presentation of the results for the interim period. Operating results for the nine-month period ended October 31, 2005 are not necessarily indicative of the results that may be expected for the year ending January 31, 2006. These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information and follow the same accounting policies as the annual financial statements of the Company except as noted below. Accordingly, these consolidated financial statements should be read in conjunction with the 2005 annual financial statements and notes thereto.

**SENNEN RESOURCES LTD.**

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2005

(Unaudited – Prepared by Management)

**3. EQUIPMENT**

	Oct 31, 2005			January 31, 2005		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Vehicle	\$ 96,020	\$ 39,974	\$ 56,046	\$ 96,020	\$ 25,725	\$ 70,295
Leasehold improvements	10,145	5,918	4,227	10,145	3,381	6,764
Computer equipment	<u>3,885</u>	<u>2,011</u>	<u>1,874</u>	<u>3,885</u>	<u>964</u>	<u>2,921</u>
	\$ 110,050	\$ 47,903	\$ 62,147	\$ 110,050	\$ 30,070	\$ 79,980

The leased vehicle is for use by directors of the Company.

**4. MINERAL PROPERTIES**

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

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.

Ownview/Middlemount/Collingwood Projects, Queensland, Australia

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 "Ownview" 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2005**  
(Unaudited – Prepared by Management)

**4. 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 October 31, 2005 DJB has complied with the agreement and has paid all rental payments up to December 31, 2005.

**5. DEFERRED EXPLORATION COSTS**

Balance at January 31, 2004	\$ 788,742
Comp support	435,158
Consultants	43,007
Contractors	34,051
Drilling	520,990
Field supplies	14,153
Fuel	28,742
Geology	62,509
Geophysics	42,853
Project supervision	243,950
Property maintenance	54,741
Sampling	12,218
Transportation	108,596
	<u>1,600,968</u>
Written-off during the period	<u>(2,389,710)</u>
Balance at October 31, 2005 and January 31, 2005	\$ -

**6. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties:

- a) Paid or accrued consulting fees of \$108,000 (2004 - \$108,000) to a company controlled by a director.
- b) Paid or accrued consulting fees of \$Nil (2004 - \$18,000) to a company controlled by an officer of the Company.
- c) Paid or accrued management fees of \$54,000 (2004 - \$36,000) to a company controlled by an officer of the Company.

**SENNEN RESOURCES LTD.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**6. RELATED PARTY TRANSACTIONS (cont'd...)**

- d) Paid or accrued rent of \$36,000 (2004 - \$22,500) to a company controlled by a director.
- e) Paid or accrued project supervision fees of \$Nil (2004 - \$120,454) 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.

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.

**7. OBLIGATION UNDER CAPITAL LEASE**

	Oct. 31 2005	Jan. 31 2005
Obligation under capital lease with imputed interest at 7.85 % per annum over a term expiring December 15, 2006, secured by a leased vehicle.	\$ 57,857	\$ 61,530
Less: current portion	(5,244)	(4,633)
<b>Balance of obligation</b>	<b>\$ 52,613</b>	<b>\$ 56,897</b>

**8. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

	Capital Stock		Contributed Surplus
	Number of Shares	Amount	
Authorized 99,711,539 common shares without par value			
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	1,025,000	535,324	(2,187)
Balance as at January 31, 2005	42,451,165	13,603,577	974,700
Exercise of warrants	2,050,000	1,025,000	-
<b>Balance as at October 31, 2005</b>	<b>44,501,165</b>	<b>\$ 14,628,577</b>	<b>\$ 974,700</b>

**SENNEN RESOURCES LTD.**

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2005

(Unaudited – Prepared by Management)

**9. 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 October 31, 2005, the Company had incentive stock options and warrants outstanding enabling holders to acquire the following:

	Number of Shares	Exercise Price	Expiry Date
<b>Options:</b>	4,550,000	\$ 0.40	December 28, 2005

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Outstanding as at January 31, 2004	6,010,000	\$	0.40
Expired/cancelled	<u>(1,460,000)</u>		0.40
Outstanding as at October 31, 2005 and January 31, 2005	4,550,000	\$	0.40
Exercisable as at October 31, 2005	4,550,000	\$	0.40

As at October 31, 2005, the Company had no share purchase warrants outstanding.

Warrant transactions were as follows:

	Number of Warrants		Weighted Average Exercise Price
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	10,123,234		0.50
Exercised	(2,050,000)		0.50
Expired	<u>(8,073,224)</u>		0.50
Balance as at October 31, 2005	-	\$	-

**SENNEN RESOURCES LTD.**  
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
OCTOBER 31, 2005  
(Unaudited – Prepared by Management)

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

	October 31, 2005	July 31, 2004
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 3,528	\$ 2,561

There were no significant non-cash transactions for the nine-months ended October 31, 2005 and 2004.

**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:

	October 31, 2005	January 31, 2005
Canada	\$ 62,147	\$ 79,980
Australia	<u>1</u>	<u>1</u>
	\$ 62,148	\$ 79,981

**SENNEN RESOURCES LTD.**  
**Management Discussion and Analysis**  
**For the nine-months ended October 31, 2005**

The following discussion and analysis, prepared as of November 21, 2005, should be read together with the unaudited interim consolidated financial statements for the nine month period ended October 31, 2005 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the annual audited financial statements for the year ended January 31, 2005 and 2004, and the Management Discussion and Analysis for those years.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Description of Business**

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

### **Overall Performance**

In its first quarter of 2005 the Company provided an update on the possible divestment of the MDL 282 (Middlemount) coal project in Queensland, Australia.

A news release dated July 7th 2005 reported that the Company's Australian subsidiary Ribfield Pty Ltd. ("Ribfield") had appointed Ernst & Young, Mergers and Acquisitions ("E&Y"), of Perth, Australia as transaction advisers in relation to the sale of the Middlemount (MDL282) coal property ("Middlemount") in Queensland, Australia. As reported, E&Y's engagement was exclusive for a period of three months unless otherwise extended by mutual agreement. The Company did not extend E&Y's term of engagement. However, the terms of the Engagement Agreement provide for Ribfield to pay a Success Fee to E&Y, for any purchase and sale agreement concluded between Ribfield and clients introduced to the project by E&Y during the engagement period and within twelve months of the termination of the Engagement Agreement, as reported in the July 7th news release.

As a result of the E&Y Sale Process offers have been made to purchase Middlemount. However, the Company is bound by confidentiality with respect to the identification of the bidders and the terms and conditions of their respective offers. The Company reported that it declined two offers and that at this time no agreements have been entered into. As such, Ribfield and its partner, DJB Coal, are free to pursue alternative options for the sale and/or development of Middlemount.

As reported in a News Release dated March 1st, 2005, the Middlemount, Collingwood and Ownview coal projects contain significant historical measured and indicated reserves and resources and all three deposits are located in areas with existing open cut and underground coal mines in the Queensland coalfields, an area that has been the subject of massive infrastructure projects. The operating costs of coal mines in Queensland makes them extremely competitive with some of the lowest production costs in the world. As a result, existing coal mines and undeveloped coal deposits in Queensland have been the subject of major expansions, investments and purchases. The Company believes that the appetite for coal assets by South East Asian countries has not yet been satisfied and that the economies of China and India are still expanding at rates which will see parties prepared to invest in and/or acquire resource assets in Australia such as Middlemount, Collingwood and Ownview, for prices in excess of recent offers made.

The Company has over Cdn\$1.8 million in the Treasury and the joint venture partner is meeting financial commitments on the Queensland coal projects.

**SENNEN RESOURCES LTD.**  
**Management Discussion and Analysis**  
**For the nine-months ended October 31, 2005**

**Results of Operations**

The Company incurred a loss of \$404,277 (2004 - \$3,846,258) during the nine months ended October 31, 2005. Some of the significant expenses are as follows:

	For the three months ended Oct. 31, 2005	For the three months ended Oct. 31, 2004	For the nine months ended Oct. 31, 2005	For the nine months ended Oct. 31, 2004
<b>EXPENSES</b>				
Consulting	\$ 92,387	\$ 49,110	\$ 202,831	\$ 190,396
Management fees	18,000	18,000	54,000	36,000
Write-off of mineral property	-	1,042,969	-	1,042,969
Write-off of deferred exploration costs	-	2,414,588	-	2,414,588

Consulting – With the acquisition of the Makapa project, the Company paid higher consulting fees resulting from work on this project. This increase is reflected in the previous period. During the current period the Company engaged additional consultants to assist in the transaction with DJB Coal in Australia.

Management Fees – Sennen has a monthly contract with the Chief Financial Officer of the Company.

Write-off of mineral property and deferred exploration costs – In the previous year, the Company elected not to pursue an interest in the Makapa Gold Project in Guyana and all related costs were written-off to operations in the period.

**SENNEN RESOURCES LTD.**  
**Management Discussion and Analysis**  
**For the nine-months ended October 31, 2005**

**Summary of Quarterly Results**

	Three Months Ended October 31, 2005	Three Months Ended July 31, 2005	Three Months Ended April 30, 2005	Three Months Ended January 31, 2005
Total assets	\$ 1,881,073	\$ 2,040,285	\$ 2,199,518	\$ 1,290,109
Mineral properties and deferred costs	1	1	1	1
Working capital	1,755,144	1,896,479	2,028,568	1,120,872
Interest Income	10,716	10,384	6,896	3,297
Net Loss	(144,842)	(136,498)	(122,937)	(103,106)
Earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)
Write-off of mineral property	-	-	-	-
Stock-based compensation	-	-	-	-

	Three Months Ended October 31, 2004	Three Months Ended July 31, 2004	Three Months Ended April 30, 2004	Three Months Ended January 31, 2004
Total assets	\$ 906,580	\$ 4,575,149	\$ 4,564,906	\$ 4,712,145
Mineral properties and deferred costs	1	3,036,653	2,377,511	1,831,712
Working capital	692,845	1,205,031	2,016,597	2,693,981
Interest income	4,600	7,133	12,602	19,171
Net Income (loss)	(3,554,225)	(159,247)	(132,786)	(1,000,010)
Earnings (loss) per share	(0.09)	(0.01)	(0.01)	(0.03)
Write-off of mineral property	(3,432,677)	-	-	-
Stock-based compensation	-	-	-	(901,666)

The only significant changes in key financial data between the comparative periods can be attributed to the Company's focus on trying to sell its coal projects in Australia during the first two quarters of fiscal 2006. This change is reflected in the increase in consulting fees in the current period ending October 31, 2005. Most other expenses have remained consistent. During the October 2004 quarter, 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 in the January 2004 quarter 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.

**SENNEN RESOURCES LTD.**  
**Management Discussion and Analysis**  
**For the nine-months ended October 31, 2005**

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.

	October 31, 2005	January 31, 2005
Working capital	\$ 1,755,144	\$ 1,120,872
Deficit	(13,812,789)	(13,408,512)

Net cash used in operating activities for the nine-months ended October 31, 2005 was \$434,005 compared to net cash used of \$364,223 during the nine-months ended October 31, 2004. The cash used in operating activities for both periods consists primarily of the operating loss.

Net cash used in investing activities for the nine-months ended October 31, 2005, was \$Nil compared to net cash used in investing activities of \$1,489,721 during the nine-months ended October 31, 2004. Cash used during the previous period consisted primarily of exploration expenditures on the Company's mineral property in Guyana.

Financing activities provided cash of \$1,021,327 during the nine-months ended October 31, 2005, compared to \$3,395 used by financing activities for the nine-months ended October 31, 2004. Cash provided during the current period consisted of the exercise of 2,050,000 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 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 \$108,000 (2004 - \$108,000) to Buccaneer Management Inc. ("Buccaneer") a company controlled by a director of the Company.
- b) Paid or accrued rent of \$36,000 (2004 - \$22,500) to 641485 B.C. Ltd. a company controlled by a director of the Company.
- c) Paid or accrued consulting fees of \$Nil (2004 - \$18,000) 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 - \$36,000) to Tabo, a company controlled by the Chief Financial Officer of the Company.
- e) Paid or accrued project supervision fees of \$Nil (2004 - \$120,454) 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.

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.

**SENNEN RESOURCES LTD.**  
**Management Discussion and Analysis**  
**For the nine-months ended October 31, 2005**

**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

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.

**Additional Information**

As at November 21, 2005, the Company had:

- a) 44,501,165 common shares outstanding.
- b) 4,550,000 stock options 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.

**Internal Disclosure Controls and Procedures**

We have evaluated the effectiveness of our disclosure controls and procedures and have concluded, based on our evaluation, that they are sufficiently effective to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries is made known to management and disclosed in accordance with applicable securities regulations.