

SENNEN RESOURCES LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

October 31, 2009

(Unaudited - Prepared by Management)

The accompanying unaudited interim consolidated financial statements of Sennen Resources Ltd. for the nine months ended October 31, 2009 have been prepared by management and approved by the Board of Directors of the Company. These interim consolidated financial statements have not been reviewed by the Company's external auditors.

SENNEN RESOURCES LTD.
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited - Prepared by Management)

	October 31, 2009	January 31, 2009 (Audited)
ASSETS		
Current		
Cash and equivalents	\$ 18,489,832	\$ 14,023,407
Receivables (Note 3)	<u>26,183</u>	<u>3,610,168</u>
	<u>\$ 18,516,015</u>	<u>\$ 17,633,575</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 32,345	\$ 58,972
Income taxes payable	<u>-</u>	<u>2,279,395</u>
	<u>32,345</u>	<u>2,338,367</u>
Shareholders' equity		
Capital stock (Note 5)	15,590,645	15,590,645
Contributed surplus (Note 5)	1,844,284	1,106,216
Retained earnings (deficit)	<u>1,048,741</u>	<u>(1,401,653)</u>
	<u>18,483,670</u>	<u>15,295,208</u>
	<u>\$ 18,516,015</u>	<u>\$ 17,633,575</u>

Nature of operations (Note 1)

Commitments (Note 7)

On behalf of the Board:

"Ian Rozier" Director "Douglas B. Hyndman" Director

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

SENNEN RESOURCES LTD.**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME (LOSS) AND DEFICIT**
(Unaudited - Prepared by Management)

	For the three months ended October 31, 2009	For the three months ended October 31, 2008	For the nine months ended October 31, 2009	For the nine months ended October 31, 2008
EXPENSES				
Administration fees	\$ 16,082	\$ 39,551	\$ 31,974	\$ 54,261
Consulting fees	45,000	45,000	135,000	135,000
Directors' fees	15,000	13,333	45,000	23,333
Foreign exchange (gain) loss	(1,561,633)	2,667,553	(3,464,939)	1,197,244
Management fees	30,000	30,000	90,000	90,000
Office and miscellaneous	4,431	2,424	20,586	181,092
Professional fees	63,806	60,217	137,421	150,545
Property investigation costs	-	6,927	-	39,429
Rent	16,500	16,500	49,500	48,500
Stock-based compensation (Note 6)	-	-	738,068	3,731
Transfer agent and filing fees	3,548	1,823	13,156	18,496
Travel and related costs	4,292	22,359	57,180	60,904
Income (loss) before other item	1,362,974	(2,905,687)	2,147,054	(2,002,535)
OTHER ITEM				
Interest income	105,424	367,362	303,340	1,081,678
Net income (loss) and comprehensive income (loss) for the period	1,468,398	(2,538,325)	2,450,394	(920,857)
Retained earnings (deficit), beginning of period	(419,657)	1,309,059	(1,401,653)	(308,409)
Retained earnings (deficit), end of period	\$ 1,048,741	\$ (1,229,266)	\$ 1,048,741	\$ (1,229,266)
Earnings (loss) per common share:				
Basic	\$ 0.03	\$ (0.05)	\$ 0.05	\$ (0.02)
Diluted	0.03	-	0.05	-
Weighted average number of common shares outstanding:				
Basic	47,998,665	47,998,665	47,998,665	46,316,199
Diluted (Note 5)	49,382,294	-	49,226,088	-

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

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

	For the three months ended October 31, 2009	For the three months ended October 31, 2008	For the nine months ended October 31, 2009	For the nine months ended October 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) for the period	\$ 1,468,398	\$ (2,538,325)	\$ 2,450,393	\$ (920,857)
Items not affecting cash:				
Stock-based compensation	-	-	738,068	3,731
Interest income accreted	-	(42,069)	-	(272,492)
Change in non-cash working capital items:				
(Increase) decrease in receivables	(6,678)	578,113	3,583,984	4,218,092
(Increase) decrease in prepaid expenses	-	505	-	(427)
Increase (decrease) in accounts payable and accrued liabilities	(31,783)	(45)	(26,625)	132,090
Decrease in income taxes payable	-	(592,241)	(2,279,395)	(3,411,342)
Net cash provided by (used in) operating activities	<u>1,429,937</u>	<u>(2,594,062)</u>	<u>4,466,425</u>	<u>(251,205)</u>
CASH FLOWS FROM FINANCING ACTIVITY				
Capital stock issued for cash	-	-	-	699,500
Net cash provided by financing activity	-	-	-	699,500
Increase in cash and equivalents during the period	1,429,937	(2,594,062)	4,466,425	448,295
Cash and equivalents, beginning of period	<u>17,059,895</u>	<u>17,245,997</u>	<u>14,023,407</u>	<u>14,203,640</u>
Cash and equivalents, end of period	\$ 18,489,832	\$ 14,651,935	\$ 18,489,832	\$ 14,651,935
Cash and equivalents consists of:				
Cash			\$ 159,157	\$ 665,571
Term deposits			<u>18,330,675</u>	<u>13,986,364</u>
			\$ 18,489,832	\$ 14,651,935

Supplemental disclosure with respect to cash flows (Note 8)

The accompanying notes are an integral part of these interim 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying financial information reflects all adjustments, consisting primarily of normal and recurring adjustments considered necessary for fair presentation of the results for the interim period. Operating results for the nine months ended October 31, 2009 are not necessarily indicative of the results that may be expected for the year ending January 31, 2010. These interim consolidated financial statements follow the same accounting policies as the annual consolidated financial statements of the Company, except as noted below. Accordingly, these interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements, and notes thereto, for the year ended January 31, 2009.

Adoption of New Accounting Standards and Accounting Pronouncements

Goodwill and Intangible Assets

Effective February 1, 2009, the Company adopted CICA Section 3064 “Goodwill and Intangible Assets”, which replaced CICA Handbook sections 3062, “Goodwill and Other Intangible Assets” and 3450, “Research and Development Costs”, as well as EIC-27, “Revenues and Expenditures During the Pre-operating Period”, and part of Accounting Guideline 11, “Enterprises in the development stage”. Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under International Financial Reporting Standards (“IFRS”). The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets; 2) to establish the criteria for asset recognition, and; 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing asset items that do not meet the recognition criteria is eliminated. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the new standard relating to goodwill remain unchanged.

The adoption of this standard had no impact on the Company’s presentation of its financial position or results of operations as at October 31, 2009.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities” which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this standard had no impact on the Company’s presentation of its financial position or results of operations as at October 31, 2009.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The adoption of this abstract had no impact on the Company's presentation of its financial position or results of operations as at October 31, 2009.

New Accounting Pronouncements Effective in Future Periods

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 February 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ending January 31, 2011.

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, "Business Combinations". Section 1601 and 1602 together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS-27, "Consolidated and Separate Financial Statements". The Company is in the process of evaluating the requirements of the new standards.

3. RECEIVABLES

As at October 31, 2009, receivables consisted of a bank guaranteed receivable of \$Nil (January 31, 2009 - \$3,567,684) and other receivables of \$26,184 (January 31, 2009 - \$42,484).

During the year ended January 31, 2008, the Company completed the sale of its interest in the Middlemount deposit, through the sale of a former subsidiary, 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), during fiscal 2009 received \$4,330,482 (AUD\$4,500,000) and also received bank guarantees for the balance of the proceeds to be received on or before June 21, 2009. In June 2009, the Company received the balance of proceeds representing \$4,133,250 (AUD\$4,500,000).

4. RELATED PARTY TRANSACTIONS

During the nine months ended October 31, 2009, the Company entered into the following transactions with related parties:

- a) Paid or accrued consulting fees of \$135,000 (2008 - \$135,000) to a company controlled by a director.
- b) Paid or accrued management fees of \$90,000 (2008 - \$90,000) to a company controlled by an officer.
- c) Paid or accrued rent of \$49,500 (2008 - \$48,500) to a company controlled by a director.
- d) Paid or accrued directors' fees of \$45,000 (2008 - \$23,333) to directors of the Company.

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4. RELATED PARTY TRANSACTIONS (Continued)

As at October 31, 2009, accounts payable included \$10,000 (January 31, 2009 - \$10,000) owing to directors of the Company.

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

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Capital Stock		Contributed Surplus
	Number of Shares	Amount	
Authorized			
Unlimited common shares without par value			
Issued			
Balance as at January 31, 2008	44,501,165	\$ 14,628,577	\$ 1,365,053
Shares issued for cash	3,497,500	699,500	-
Reclassification of contributed surplus on the exercise of stock options	-	262,567	(262,568)
Stock-based compensation	-	-	3,731
Balance as at January 31, 2009	47,998,665	15,590,644	1,106,216
Stock-based compensation	-	-	738,068
Balance as at October 31, 2009	47,998,665	\$ 15,590,644	\$ 1,844,284
		October 31, 2009	October 31, 2008
Weighted average number of common shares outstanding		47,998,665	46,316,199
Effect of dilutive stock options		1,383,629	-
Diluted weighted average number of common shares outstanding		49,382,294	46,316,199

6. STOCK OPTIONS AND WARRANTS

Stock options

At October 31, 2009, the Company had incentive stock options outstanding, enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
50,000	\$ 0.20	November 20, 2011
<u>5,650,000</u>	0.17	March 9, 2014
<u>5,700,000</u>		

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6. STOCK OPTIONS AND WARRANTS (Continued)

Stock options (Continued)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding as at January 31, 2008	5,125,000	\$ 0.20
Exercised	(3,497,500)	0.20
Expired	<u>(1,577,500)</u>	0.20
Outstanding as at January 31, 2009	50,000	0.20
Granted	<u>5,650,000</u>	0.17
Outstanding as at October 31, 2009	5,700,000	\$ 0.17
Exercisable as at October 31, 2009	5,700,000	\$ 0.17

Stock-based compensation

In March 2009, the Company granted 5,650,000 stock options with a fair value of \$738,068 or \$0.13 per option, calculated using the Black-Scholes option pricing model. The stock options all vested at time of granting.

The following assumptions were used for the Black-Scholes option pricing model calculation:

	2009
Risk-free interest rate	0.75%
Expected life of option	5 years
Annualized volatility	106%
Dividend rate	0.00%

Warrants

As at October 31, 2009, there were no share purchase warrants outstanding.

7. COMMITMENTS

- a) The Company leases office premises under an operating lease with a company controlled by a director. During the year ended January 31, 2009, the Company extended term of its operating lease for an additional three year term, to expire in March 2012. The landlord has the right to increase the annual base rent by 10% on April 1, 2010 and 2011. The lease provides for basic lease payments as follows:

2010	\$ 16,500
2011	66,000
2012	66,000
2013	<u>11,000</u>
	<u>\$ 159,500</u>

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7. COMMITMENTS (Continued)

- b) The Company entered into management contracts with companies having directors in common. The Company has agreed to pay the companies a combined total of \$25,000 per month. The contracts can be terminated by the Company by providing 60 days written notice. If termination of services is without cause, the Company will be obligated to pay 36 months of services to one of the director's company and 24 months of services to a company owned by an officer of the Company.

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2009	2008
Cash paid for income taxes	\$ 2,279,395	\$ 3,377,500
Cash paid for interest	\$ -	\$ -

There were no significant non-cash transactions for the nine months ended October 31, 2009.

During the nine months ended October 31, 2008, the Company reclassified its long-term receivable of \$3,639,748 to a current receivable as the term for collection became less than one year.

9. CAPITAL MANAGEMENT

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, contributed surplus, retained earnings and accumulated other comprehensive income. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and equivalents and investments.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank-sponsored instruments. This strategy is unchanged from fiscal 2009.

The Company is not subject to externally imposed capital restrictions.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

The fair values of cash and equivalents, receivables, and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

(a) Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

(b) Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management process.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit Risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist of tax receivables due from federal government agencies. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Such fluctuations may be significant.

(a) Interest rate risk

The Company has cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The effect of a 1% change in interest rates is approximately \$183,000.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations in exchange rates in Australian dollars. The effect of a 1% change in foreign exchange is approximately \$182,000.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

11. SEGMENTED INFORMATION

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