

TERRA NOVA MINERALS INC.
(formerly Terra Nova Gold Corp.)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008
(Unaudited – prepared by management)

These unaudited interim consolidated financial statements of Terra Nova Minerals Inc. (formerly Terra Nova Gold Corp.) for the six months ended January 31, 2008 have been prepared by management and approved by the Board of Directors. These financial statements have not been reviewed by the Company's external auditors.

TERRA NOVA MINERALS INC.
(formerly Terra Nova Gold Corp.)
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited – prepared by management)

| | January 31, 2008 | July 31, 2007 |
|---|---------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | \$ 888,153 | \$ 1,203,332 |
| Receivables | <u>23,877</u> | <u>5,262</u> |
| | 912,030 | 1,208,594 |
| Deferred acquisition costs (Note 2) | 55,310 | 20,420 |
| Mineral property (Note 4) | <u>187,620</u> | <u>-</u> |
| | <u>\$ 1,154,960</u> | <u>\$ 1,229,014</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities | <u>\$ 26,294</u> | <u>\$ 42,182</u> |
| Shareholders' equity | | |
| Capital stock (Note 6) | 16,211,526 | 16,136,526 |
| Contributed surplus (Note 6) | 691,152 | 691,152 |
| Deficit | <u>(15,774,012)</u> | <u>(15,640,846)</u> |
| | <u>1,128,666</u> | <u>1,186,832</u> |
| | <u>\$ 1,154,960</u> | <u>\$ 1,229,014</u> |

Nature and continuance of operations (Note 1)

On behalf of the Board:

“William P. McLucas”

Director

“James Currie”

Director

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

TERRA NOVA MINERALS INC.

(formerly Terra Nova Gold Corp.)

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(Unaudited – prepared by management)

| | For the three months ended January 31, 2008 | For the three months ended January 31, 2007 | For the six months ended January 31, 2008 | For the six months ended January 31, 2007 |
|---|---|---|---|---|
| EXPENSES | | | | |
| Administration fees | \$ 9,698 | \$ 7,500 | \$ 20,249 | \$ 15,000 |
| Amortization | - | 652 | - | 1,305 |
| Filing and transfer agents fees | 5,752 | 6,133 | 7,835 | 6,704 |
| Management fees | 30,000 | - | 60,000 | - |
| Office and miscellaneous | 6,463 | 1,648 | 14,776 | 1,690 |
| Professional fees | 20,720 | 4,603 | 35,661 | 4,603 |
| Rent | - | 7,500 | - | 15,000 |
| Stock-based compensation (Note 8) | - | - | - | 7,848 |
| Travel and related costs | <u>5,040</u> | <u>-</u> | <u>10,140</u> | <u>-</u> |
| Loss before other item | <u>(77,673)</u> | <u>(28,036)</u> | <u>(148,661)</u> | <u>(52,150)</u> |
| OTHER ITEM | | | | |
| Interest income | <u>7,619</u> | <u>131</u> | <u>15,495</u> | <u>480</u> |
| | <u>7,619</u> | <u>131</u> | <u>15,495</u> | <u>480</u> |
| Loss for the period | (70,054) | (27,905) | (133,166) | (51,670) |
| Deficit, beginning of period | <u>(15,703,958)</u> | <u>(15,342,222)</u> | <u>(15,640,846)</u> | <u>(15,318,457)</u> |
| Deficit, end of period | <u>\$ (15,774,012)</u> | <u>\$ (15,370,127)</u> | <u>\$ (15,774,012)</u> | <u>\$ (15,370,127)</u> |
| Basic and diluted loss per common share | <u>\$ (0.01)</u> | <u>\$ (0.01)</u> | <u>\$ (0.01)</u> | <u>\$ (0.01)</u> |
| Weighted average number of common shares outstanding | <u>38,623,168</u> | <u>23,508,050</u> | <u>38,315,609</u> | <u>23,508,050</u> |

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

TERRA NOVA MINERALS INC.
(formerly Terra Nova Gold Corp.)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED OCTOBER 31,
(Unaudited – prepared by management)

| | For the three months ended January 31, 2008 | For the three months ended January 31, 2007 | For the six months ended January 31, 2008 | For the six months ended January 31, 2007 |
|--|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Loss for the period | \$ (70,054) | \$ (27,905) | \$ (133,166) | \$ (51,670) |
| Items not affecting cash: | | | | |
| Amortization | - | 652 | - | 1,305 |
| Stock-based compensation | - | - | - | 7,848 |
| Changes in non-cash working capital items: | | | | |
| Increase in receivables | (10,491) | (971) | (18,615) | (630) |
| Decrease in prepaids | - | 3,247 | - | 2,500 |
| Increase (decrease) in accounts payable and accrued liabilities | <u>(10,311)</u> | <u>5,930</u> | <u>(15,888)</u> | <u>4,351</u> |
| Net cash used in operating activities | <u>(90,856)</u> | <u>(19,047)</u> | <u>(167,669)</u> | <u>(36,296)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Mineral property | (66,200) | - | (92,200) | - |
| Deferred acquisition costs | <u>(49,610)</u> | <u>-</u> | <u>(55,310)</u> | <u>-</u> |
| Net cash used in investing activities | <u>(115,810)</u> | <u>-</u> | <u>(147,510)</u> | <u>-</u> |
| Change in cash and cash equivalents during the period | (206,666) | (19,047) | (315,179) | (36,296) |
| Cash and cash equivalents, beginning of period | <u>1,094,153</u> | <u>23,438</u> | <u>1,203,332</u> | <u>40,687</u> |
| Cash and cash equivalents, end of period | <u>\$ 888,153</u> | <u>\$ 4,391</u> | <u>\$ 888,153</u> | <u>\$ 4,391</u> |

Supplemental disclosure with respect to cash flows (Note 9)

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

TERRA NOVA MINERALS INC.

(formerly Terra Nova Gold Corp.)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(Unaudited – prepared by management)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is a public company incorporated under the British Columbia Business Corporations Act. The Company's shares are listed on the TSX Venture Exchange ("TSXV") and the Frankfurt Stock Exchange. The Company's principal business is the acquisition and exploration of mineral properties.

These interim consolidated financial statements have been prepared 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.

These interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

| | January 31, 2008 | July 31, 2007 |
|-----------------|---------------------|------------------|
| Deficit | \$ (15,774,012) | \$ (15,640,846) |
| Working capital | 885,736 | 1,166,412 |

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 six months ended January 31, 2008 are not necessarily indicative of the results that may be expected for the year ending July 31, 2008. These interim consolidated financial statements follow the same accounting policies as the annual financial statements. Accordingly, these financial statements should be read in conjunction with the 2007 annual financial statements and notes thereto.

Deferred Acquisition Costs

Costs such as legal, account, due diligence, sponsorship and filing fees related to potential business and asset acquisitions are deferred and applied towards the acquisition when completed. Such costs are expensed if the potential acquisition is no longer considered viable by management..

3. NEW ACCOUNTING STANDARDS**Consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Terra Nova Gold (Barbados) Inc., which is incorporated under the laws of Barbados. Significant inter-company balances and transactions were eliminated upon consolidation.

3. NEW ACCOUNTING STANDARDS (cont'd...)

Financial Instruments (cont'd...)

The Canadian Institute of Chartered Accountants issued the following standards effective for the fiscal years beginning on or after October 1, 2006: Accounting Standards Section 1530 "Comprehensive Income", Accounting Standards Section 3855 "Financial Instruments – Recognition and Measurement" Accounting Standard Section 3861 "Financial Instruments – Presentation and Disclosure" and Accounting Standards Section 3865 – "Hedges". These sections require certain financial instruments and hedge transactions to be recorded at fair value. The standards also introduce the concept of comprehensive income and accumulated other comprehensive income.

The Company adopted these standards effective July 1, 2007 on a prospective basis without retroactive restatement of prior periods. Under the new standard, financial instruments designated as "held for trading" and "available for sale" will be carried at their fair value while financial instruments designated as "loans and receivables", "financial liabilities" and those classified as "held to maturity" will be carried at their amortized cost. All derivatives will be carried on the consolidated balance sheet at their fair value. Mark-to-market adjustments on these instruments will be included in net income. Transaction costs incurred to acquire financial instruments will be included in the underlying balance. As at January 31, 2008, there was no impact on the Company's financial statements.

4. MINERAL PROPERTY

During the six months ended January 31, 2008, the Company entered into an option agreement to acquire up to a 100% interest in certain claims on the Pegma Lake Project in Quebec, Canada. Pursuant to the terms of the agreement, the Company paid \$75,000 and issued 681,818 common shares valued at \$75,000 (Note 6) and is required to incur exploration costs of \$300,000 within the first year of the agreement to acquire a 25% interest in the property. The Company can acquire an additional 25% by paying an additional \$75,000, issuing additional common shares worth \$75,000 (at a deemed issue price equal to the greater of: (i) \$0.11 and (ii) the five-day volume weighted average closing price of the common shares on the TSX-V for the five days preceding the first anniversary date of the option agreement) and incurring a further \$300,000 in exploration costs within the second year of the agreement. The Company can increase its ownership percentage to 90% by completing a bankable feasibility study and can earn the final 10% interest by providing the optionor with a 5% net smelter return royalty.

At July 31, 2007, the Company had incurred acquisition costs totalling \$20,420 and, during the six months ended January 31, 2008, the Company incurred a further \$17,200 of consulting and legal costs, in connection with the Pegma Lake option agreement.

5. RELATED PARTY TRANSACTIONS

Amounts due to related parties are non-interest bearing and without specific terms of repayment. The following is a summary of the related party transactions that occurred throughout the six months ended January 31, 2008:

- a) Paid or accrued management fees of \$60,000 (2007 - \$Nil) to companies with directors in common;
- b) Paid or accrued rent of \$Nil (2007 - \$15,000) to a company with a former director in common;

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

- c) Paid or accrued legal fees of \$25,145 (2007 - \$Nil) and deferred acquisition costs of \$36,437 (July 31, 2007-\$5,423) and mineral property acquisition costs of \$7,180 (July 31, 2007 - \$Nil) to a law firm of which a director is a partner;

As at January 31, 2008, accounts payable and accrued liabilities included \$21,700 (July 31, 2007 - \$30,305) owing to a law firm of which a director is a partner.

Related party 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.

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 July 31, 2006 | 23,508,050 | \$ 14,832,478 | \$ 532,306 |
| Private placements | 14,500,000 | 1,450,000 | - |
| Share issuance costs | - | (145,952) | 50,496 |
| Stock-based compensation | - | - | 108,350 |
| Balance as at July 31, 2007 | 38,008,050 | 16,136,526 | 691,152 |
| Shares issued for mineral property (note 4) | 681,818 | 75,000 | - |
| Balance as at January 31, 2008 | 38,689,868 | \$ 16,211,526 | \$ 691,152 |

7. STOCK OPTIONS AND WARRANTS

Stock options

The Company has a fixed stock option plan (the "Stock Option Plan"). Under the Stock Option Plan, the Company may grant options to directors, officers, employees, independent contractors or consultants. The number of options outstanding at any time may not be more than 4,008,840. The exercise price associated with each grant of options is determined by the Company and is subject to the policies of the TSX Venture Exchange. The maximum term of each option's life is 5 years. As long as the Company is not classified as a Tier 1 issuer on the TSX Venture Exchange, the options will vest as follows: one-third on the award date, one-third 12 months following the award date and one-third 24 months following the award date.

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

Stock options (cont'd...)

As at January 31, 2008, stock options were outstanding enabling the optionees to acquire the following number of common shares:

| Number of Shares | Exercise Price | Expiry Date |
|------------------|----------------|---------------|
| 1,900,000 | \$0.14 | June 13, 2012 |
| <u>1,150,000</u> | \$0.13 | June 13, 2012 |
| 3,050,000 | | |

Stock option transactions are summarized as follows:

| | Number of Options | Weighted Average Exercise Price |
|--|-------------------|---------------------------------|
| Outstanding as at July 31, 2006 | 425,000 | \$ 0.35 |
| Granted | 3,050,000 | 0.14 |
| Expired | <u>(425,000)</u> | 0.35 |
| Outstanding as at July 31, 2007 and January 31, 2008 | 3,050,000 | \$ 0.14 |
| Exercisable as at January 31, 2008 | 1,016,667 | \$ 0.14 |

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(formerly Terra Nova Gold Corp.)
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7. STOCK OPTIONS AND WARRANTS (cont'd...)

Warrants

As at January 31, 2008, the Company had outstanding share purchase warrants enabling the holders to acquire common shares as follows:

| Number of Shares | Exercise Price | Expiry Date |
|---------------------|-------------------|----------------|
| 735,000 | \$0.10 | March 21, 2008 |
| 12,750,000 | \$0.15 | March 21, 2009 |
| <u>1,750,000</u> | \$0.15 | April 20, 2009 |
| 15,235,000 | | |

Warrant transactions were as follows:

| | Number of Options | Weighted Average Exercise Price |
|--|----------------------|--|
| Balance as at July 31, 2006 | - | - |
| Issued | <u>15,235,000</u> | \$ 0.15 |
| Balance as at July 31, 2007 and January 31, 2008 | 15,235,000 | \$ 0.15 |

8. STOCK-BASED COMPENSATION

The Company uses the fair value based method of accounting for all stock-based awards. During the six months ended January 31, 2008, the Company reported compensation cost of \$Nil (2006 - \$7,848) for previously-granted stock options that vested in the period.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

TERRA NOVA MINERALS INC.

(formerly Terra Nova Gold Corp.)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited – prepared by management)

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

During the six month period ended January 31, 2008, the Company:

- (a) Issued 681,818 common shares at value of \$75,000 pursuant to the Pegma Lake mineral property option agreement (Note 4).

There were no significant non-cash transactions during the six months ended January 31, 2007.

10. SEGMENTED INFORMATION

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

TERRA NOVA MINERALS INC.
(Formerly Terra Nova Gold Corp.)

Management Discussion and Analysis

Six Months Ended January 31, 2008

This management discussion and analysis (“MD&A”) of financial position and results of operations is prepared as at March 27, 2008 and should be read in conjunction with the unaudited interim consolidated financial statements for the six months ended January 31, 2008 of Terra Nova Minerals Inc. (formerly Terra Nova Gold Corp.) (“Terra Nova” or the “Company”) with the related notes thereto. Those unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and, as a result, do not contain all disclosure required under generally accepted accounting principles for annual financial statements. Accordingly, readers may want to refer to the July 31, 2007 audited financial statements and the accompanying notes. All dollar amounts included therein and in the following MD&A are expressed 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. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

Description of Business

The Company is a natural resource company engaged in the acquisition, exploration, and development of gold properties. The Company currently holds an interest in one property in Quebec. The Company trades on the TSX Venture Exchange (“TSX-V”) under the symbol TGC.

Property Description

During the six months ended January 31, 2008, the Company entered into an option agreement to acquire up to a 100% interest in certain claims on the Pegma Lake Project in Quebec, Canada. Pursuant to the terms of the agreement, the Company paid \$75,000 and issued 681,818 common shares valued at \$75,000 and is required to incur exploration costs of \$300,000 within the first year of the agreement to acquire a 25% interest in the property. The Company can acquire an additional 25% by paying an additional \$75,000, issuing additional common shares worth \$75,000 (at a deemed issue price equal to the greater of: (i) \$0.11 and (ii) the five-day volume weighted average closing price of the common shares on the TSXV for the five days preceding the first anniversary date of the option agreement) and incurring a further \$300,000 in exploration costs within the second year of the agreement. The Company can increase its ownership percentage to 90% by completing a bankable feasibility study and can earn the final 10% interest by providing the optionor with a 5% net smelter return royalty.

At July 31, 2007, the Company had incurred acquisition costs totalling \$20,420 and, during the six months ended January 31, 2008, the Company incurred a further \$17,200 of consulting and legal costs, in connection with the Pegma Lake option agreement.

Deferred Acquisition Costs

During the six months ended January 31, 2008, the Company had incurred investigation costs of \$55,310 relating to various mineral claims in Zambia. It is the Company's policy to capitalize such investigation costs until management determines the project is no longer viable.

Results of Operations

During the three months ended January 31, 2008 ("current period"), the Company incurred a loss of \$70,054 compared to a loss of \$7,905 for the three months ended January 31, 2007 ("comparative period"). The significant changes between the current period and the comparative period are as follows:

Management fees during the current period of \$30,000 (comparative period - \$Nil) were recorded as a result of the Company entering into an agreement with Willie McLucas for a monthly fee of \$10,000, commencing in February 2007.

Office and miscellaneous of \$6,463 (comparative period - \$1,648), professional fees of \$20,720 (comparative period - \$4,603) and travel of \$5,040 (comparative period - \$Nil) have increased due to the Company pursuing new business activities.

Rent of \$Nil (comparative period - \$7,500) has decreased as the Company's previous management charged \$2,500 per month.

Stock-based compensation of \$Nil (comparative period - \$7,848) has decreased due to the timing of certain vesting provisions. The Company records the expense associated with an option only when the option vests. As at January 31, 2008, options with regards to 1,016,667 shares had vested and only the expense associated with these options has been recognized. As further options vest the expense pertaining to them will be recognized.

During the six months ended January 31, 2008, the Company incurred a loss of \$133,166 compared to a loss of \$51,670 for the six months ended January 31, 2007. The significant changes during the current period compared to the comparative period were the increase of management fees to \$60,000 (comparative period - \$Nil) and an increase of professional fees to \$35,661 (comparative period - \$4,603) for January 31, 2008. The Company also incurred travel costs in the period ended January 31, 2008 of \$10,140 compared to \$nil for January 31, 2007. These increased costs were offset by a decrease in Rent of \$15,000.

Quarterly Information

The following table sets forth selected unaudited financial information prepared by management of the Company:

| | Three Months Ended Jan. 31, 2008 | Three Months Ended Oct. 31, 2007 | Three Months Ended July 31, 2007 | Three Months Ended April 30, 2007 |
|---------------------------------------|---|---|---|--|
| Total assets | \$ 1,154,960 | \$ 1,160,325 | \$ 1,229,014 | \$ 1,344,180 |
| Mineral properties and deferred costs | 242,930 | 52,120 | 20,420 | - |
| Working capital (deficiency) | 885,736 | 1,071,600 | 1,166,412 | 1,291,413 |
| Loss for the period | (77,673) | (63,112) | (214,568) | (56,151) |
| Loss per share | (0.01) | (0.01) | (0.01) | (0.01) |

| | Three Months Ended Jan 31, 2007 | Three Months Ended Oct. 31, 2006 | Three Months Ended July 31, 2006 | Three Months Ended April 30, 2006 |
|---------------------------------------|--|---|---|--|
| Total assets | \$ 16,434 | \$ 38,410 | \$ 55,905 | \$ 75,881 |
| Mineral properties and deferred costs | - | - | - | - |
| Working capital (deficiency) | (7,633) | 19,619 | 34,884 | 62,183 |
| Loss for the period | (27,905) | (23,765) | (40,831) | (89,251) |
| Loss per share | (0.01) | (0.01) | (0.01) | (0.01) |

Liquidity and Capital Resources

The Company is in the development stage and therefore has no regular cash flow. As at January 31, 2008, the Company had a working capital of \$885,736 and cash on hand of \$888,153 compared to a working capital of \$1,166,412 and cash on hand of \$1,203,332 at July 31, 2007.

The significant changes in cash during the six months ended January 31, 2008 were primarily due to the use of cash in operations of approximately \$168,000 and mineral property expenditures of \$148,000.

Cash flow 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 issue of equity securities to meet its cash requirements. Future developments 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.

Disclosure Controls and Procedures

The CEO and CFO acknowledge responsibility for the design of internal control over financial reporting (ICFR), and confirm that there were no changes in these controls that occurred during the three months ended January 31, 2008 which materially affected, or are reasonably likely to materially affect, the Company's internal control for financial reporting.

The President and Chief Financial Officer are also required to file certifications of our annual and interim filings under Multilateral Instrument 52-109. These certifications may be accessed at www.sedar.com.

Risk, Uncertainties

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, the Company's property under option has no known commercial ore deposit. Other risks facing the Company include competition for mineral properties, environmental and insurance risks, fluctuations in metal prices, share price volatility and uncertainty of additional financing.

Outlook

The Company is in the process of re-negotiating the time line for the work commitment at its Pegma Lake project in Quebec and hopes to report this to the market shortly. In addition the Company continues its quest to identify suitable opportunities in both base metals. At this time, the Company is examining projects located in the copper belt of Zambia, Africa. A further announcement will be made to the market when negotiations have been concluded.

Related party transactions

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

- a) Paid or accrued management fees of \$60,000 (2007 - \$Nil) to a company owned by Willie McLucas, a director of the Company.
- b) Paid or accrued rent of \$Nil (2007 - \$15,000) to a company controlled by a director of the Company.
- c) Paid or accrued legal fees of \$25,145 (2007 - \$Nil) and deferred acquisition costs of \$36,437 (July 31, 2007 - \$5,423) and mineral property acquisition costs of \$7,180 (July 31, 2007 - \$Nil) to a law firm of which a director is a partner.

Included in accounts payable is \$21,700 (July 31, 2007 - \$30,305) owed to a law firm in which a director is a partner.

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

Off Balance Sheet Arrangements

The Company has no off Balance Sheet arrangements.

Outstanding Share Data

As at March 27, 2008, the Company has:

- a) 38,689,868 common shares outstanding;
- b) 3,050,000 stock options outstanding with exercise prices ranging from \$0.13 to \$0.14 and expiring on June 13, 2012; and
- c) 14,500,000 share purchase warrants outstanding with exercise prices ranging from \$0.10 to \$0.15 per share expiring between March 2008 and April 2009.

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.

Change in Accounting Policy Including Initial Adoption

Financial instruments

Effective August 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 financial 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 as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) 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; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

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.