

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

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**APRIL 30, 2008**  
(Unaudited – prepared by management)

These unaudited interim consolidated financial statements of Terra Nova Minerals Inc. (formerly Terra Nova Gold Corp.) for the nine months ended April 30, 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)

	April 30, 2008	July 31, 2007
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 703,406	\$ 1,203,332
Receivables	<u>34,324</u>	<u>5,262</u>
	737,730	1,208,594
<b>Deferred acquisition costs</b> (Note 2)	145,765	20,420
<b>Mineral property</b> (Note 4)	<u>190,149</u>	<u>-</u>
	<u>\$ 1,073,644</u>	<u>\$ 1,229,014</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	<u>\$ 15,839</u>	<u>\$ 42,182</u>
<b>Shareholders' equity</b>		
Capital stock (Note 6)	16,211,526	16,136,526
Contributed surplus (Note 6)	691,152	691,152
Deficit	<u>(15,844,873)</u>	<u>(15,640,846)</u>
	<u>1,057,805</u>	<u>1,186,832</u>
	<u>\$ 1,073,644</u>	<u>\$ 1,229,014</u>

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

**On behalf of the Board:**

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"William McLucas" Director                      "Grant Sawiak" 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 April 30, 2008	For the three months ended April 30, 2007	For the nine months ended April 30, 2008	For the nine months ended April 30, 2007
<b>EXPENSES</b>				
Administration fees	\$ 11,370	\$ 7,500	\$ 31,619	\$ 22,500
Amortization	-	653	-	1,958
Filing and transfer agents fees	8,811	4,729	16,646	11,433
Management fees	30,000	20,000	90,000	20,000
Office and miscellaneous	18,185	9,876	32,961	11,566
Professional fees	6,902	1,451	42,563	6,054
Rent	-	-	-	15,000
Stock-based compensation (Note 8)	-	-	-	7,848
Travel and related costs	8,075	14,139	18,215	14,139
<b>Loss before other item</b>	(83,343)	(58,348)	(232,004)	(110,498)
<b>OTHER ITEM</b>				
Interest income	12,482	2,197	27,977	2,677
<b>Loss and comprehensive loss for the period</b>	(70,861)	(56,151)	(204,027)	(107,821)
<b>Deficit, beginning of period</b>	(15,774,012)	(15,367,930)	(15,640,846)	(15,318,457)
<b>Deficit, end of period</b>	\$(15,844,873)	\$(15,426,278)	\$(15,844,873)	\$(15,426,278)
<b>Basic and diluted loss per common share</b>	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>	38,689,868	28,744,005	38,438,541	25,215,010

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**  
(Unaudited – prepared by management)

	For the three months ended April 30, 2008	For the three months ended April 30, 2007	For the nine months ended April 30, 2008	For the nine months ended April 30, 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss for the period	\$ (70,861)	\$ (56,151)	\$ (204,027)	\$ (107,821)
Items not affecting cash:				
Amortization	-	653	-	1,958
Stock-based compensation	-	-	-	7,848
Changes in non-cash working capital items:				
Increase in receivables	(10,4447)	(285)	(29,062)	(915)
Increase in prepaids	-	(8,644)	-	(6,144)
Increase (decrease) in accounts payable and accrued liabilities	<u>(10,455)</u>	<u>29,353</u>	<u>(26,343)</u>	<u>33,704</u>
Net cash used in operating activities	<u>(91,763)</u>	<u>(35,074)</u>	<u>(259,432)</u>	<u>(71,370)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Common shares and warrants issued for cash	-	1,450,000	-	1,450,000
Share issuance costs	<u>-</u>	<u>(95,456)</u>	<u>-</u>	<u>(95,456)</u>
Net cash received from financing activities	<u>-</u>	<u>1,354,544</u>	<u>-</u>	<u>1,354,544</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Mineral property	(2,529)	-	(115,149)	-
Deferred acquisition costs	<u>(90,455)</u>	<u>-</u>	<u>(125,345)</u>	<u>-</u>
Net cash used in investing activities	<u>(92,984)</u>	<u>-</u>	<u>(240,494)</u>	<u>-</u>
<b>Change in cash and cash equivalents during the period</b>	(184,747)	1,319,470	(499,926)	1,283,174
<b>Cash and cash equivalents, beginning of period</b>	<u>888,153</u>	<u>4,391</u>	<u>1,203,332</u>	<u>40,687</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 703,406</u>	<u>\$ 1,323,861</u>	<u>\$ 703,406</u>	<u>\$ 1,323,861</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**

APRIL 30, 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.

	April 30, 2008	July 31, 2007
Deficit	\$ (15,844,873)	\$ (15,640,846)
Working capital	721,891	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 nine months ended April 30, 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.

**TERRA NOVA MINERALS INC.**

(formerly Terra Nova Gold Corp.)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

APRIL 30, 2008

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**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 intercompany balances and transactions were eliminated upon consolidation.

**Financial Instruments**

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 April 30, 2008, there was no impact on the Company's financial statements.

**4. MINERAL PROPERTY**

During the nine months ended April 30, 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 on or before March 31, 2009 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) on or before March 31, 2009 and incurring a further \$300,000 in exploration costs on or before March 31, 2010. 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 nine months ended April 30, 2008, the Company incurred a further \$19,729 of consulting and legal costs, in connection with the Pegma Lake option agreement.

**TERRA NOVA MINERALS INC.**

(formerly Terra Nova Gold Corp.)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**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 nine months ended April 30, 2008:

- a) Paid or accrued management fees of \$90,000 (2007 - \$20,000) 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;
- c) Paid or accrued legal fees of \$29,828 (2007 - \$Nil) and deferred acquisition costs of \$74,000 (July 31, 2007-\$5,423) and mineral property acquisition costs of \$9,728 (July 31, 2007 - \$Nil) to a law firm of which a director of the Company is a partner;

As at April 30, 2008, accounts payable and accrued liabilities included \$6,060 (July 31, 2007 - \$30,305) owing to a law firm of which a director of the Company 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 April 30, 2008	38,689,868	\$ 16,211,526	\$ 691,152

**TERRA NOVA MINERALS INC.**

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**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.

As at April 30, 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 April 30, 2008	3,050,000	\$ 0.14
Exercisable as at April 30, 2008	1,016,667	\$ 0.14

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

APRIL 30, 2008

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

As at April 30, 2008, the Company had outstanding share purchase warrants enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
12,750,000	\$0.15	March 21, 2009
<u>1,750,000</u>	\$0.15	April 20, 2009
14,500,000		

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	15,235,000	\$ 0.15
Expired	<u>(735,000)</u>	\$ 0.10
Balance as at April 30, 2008	14,500,000	\$ 0.15

**8. STOCK-BASED COMPENSATION**

The Company uses the fair value based method of accounting for all stock-based awards. During the nine months ended April 30, 2008, the Company reported compensation cost of \$Nil (2007 - \$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	\$ -	\$ -

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

During the nine month period ended April 30, 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 nine months ended April 30, 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**

**Nine Months Ended April 30, 2008**

This management discussion and analysis (“MD&A”) of financial position and results of operations is prepared as at June 16, 2008 and should be read in conjunction with the unaudited interim consolidated financial statements for the nine months ended April 30, 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](http://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 nine months ended April 30, 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 on or before March 31, 2009 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) on or before March 31, 2009 and incurring a further \$300,000 in exploration costs on the property on or before March 31, 2010. 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 nine months ended April 30, 2008, the Company incurred a further \$19,729 of consulting and legal costs, in connection with the Pegma Lake option agreement.

## Deferred Acquisition Costs

During the nine months ended April 30, 2008, the Company had incurred investigation costs of \$145,765 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 April 30, 2008 ("current period"), the Company incurred a loss of \$70,861 compared to a loss of \$58,348 for the three months ended April 30, 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 - \$20,000) 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 \$18,185 (comparative period - \$9,876), and professional fees of \$6,902 (comparative period - \$1,451) have increased due to the Company pursuing new business activities.

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 April 30, 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 nine months ended April 30, 2008, the Company incurred a loss of \$204,027 compared to a loss of \$107,821 for the nine months ended April 30, 2007. The significant changes during the current period compared to the comparative period were the increase of management fees to \$90,000 (comparative period - \$Nil) and an increase of professional fees to \$42,563 (comparative period - \$6,054) for April 30, 2008. The Company also incurred travel costs in the period ended April 30, 2008 of \$18,215 compared to \$14,139 for April 30, 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 April 30, 2008	Three Months Ended Jan. 31, 2008	Three Months Ended Oct. 31, 2007	Three Months Ended July 31, 2007
Total assets	\$ 1,073,644	\$ 1,154,960	\$ 1,160,325	\$ 1,229,014
Mineral properties and deferred costs	335,914	242,930	52,120	20,420
Working capital (deficiency)	721,891	885,736	1,071,600	1,166,412
Loss for the period	(70,861)	(77,673)	(63,112)	(214,568)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)

	Three Months Ended April 30, 2007	Three Months Ended Jan 31, 2007	Three Months Ended Oct. 31, 2006	Three Months Ended July 31, 2006
Total assets	\$ 1,344,180	\$ 16,434	\$ 38,410	\$ 55,905
Mineral properties and deferred costs	-	-	-	-
Working capital (deficiency)	1,291,413	(7,633)	19,619	34,884
Loss for the period	(56,151)	(27,905)	(23,765)	(40,831)
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 April 30, 2008, the Company had a working capital of \$721,821 and cash on hand of \$703,406 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 nine months ended April 30, 2008 were primarily due to the use of cash in operations of approximately \$259,000 and mineral property and deferred acquisition costs of approximately \$240,000.

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.

### 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 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 nine months ended April 30, 2008, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$90,000 (2007 - \$20,000) 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 \$29,828 (2007 - \$Nil) and deferred acquisition costs of \$74,000 (July 31, 2007 - \$5,423) and mineral property acquisition costs of \$9,728 (July 31, 2007 - \$Nil) to a law firm of which a director is a partner.

Included in accounts payable is \$6,060 (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 June 16, 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 an exercise price of \$0.15 per share expiring between March 21 and April 20, 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](http://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.