TERRA NOVA MINERALS INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2009
(Unaudited – Prepared by Management)

These unaudited interim consolidated financial statements of Terra Nova Minerals Inc. for the six months ended January 31, 2009 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.
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited – Prepared by Management)

	January 31, 2009 (Unaudited)	July 31, 2008 (Audited)
ASSETS		
Current		
Cash and cash equivalents	$ 434,352	$ 605,973
Prepaids	9,146	9,146
Receivables	9,174	14,514
	452,672	629,633
Mineral property (Note 4)	198,068	198,068
	$ 650,740	$ 827,701
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 2,746	$ 22,256
Shareholders' equity		
Share capital (Note 6)	16,211,526	16,211,526
Contributed surplus (Note 6)	809,776	809,776
Deficit	(16,373,308)	(16,215,857)
	647,994	805,445
	$ 650,740	$ 827,701

Nature and continuance of operations (Note 1)
Contingency (Note 11)

On behalf of the Board of Directors:

"William P. McLucas" Director "Thomas Allen" Director

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

TERRA NOVA MINERALS INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(Unaudited – Prepared by Management)

	For the three months ended January 31, 2009	For the three months ended January 31, 2008	For the six months ended January 31, 2009	For the six months ended January 31, 2008
EXPENSES				
Administration fees	$ 16,249	$ 9,698	$ 25,788	$ 20,249
Filing and transfer agents fees	4,954	5,752	10,324	7,835
Management fees	30,000	30,000	60,000	60,000
Office and miscellaneous	8,025	6,463	8,297	14,776
Professional fees	22,328	20,720	36,663	35,661
Shareholder communications	649	-	17,520	-
Travel and related costs	1,204	5,040	5,408	10,140
Loss before other item	(83,409)	(77,673)	(164,000)	(148,661)
OTHER ITEM				
Interest income	5,323	7,619	6,549	15,495
Loss and comprehensive loss for the period	(78,086)	(70,054)	(157,451)	(133,166)
Deficit, beginning of period	(16,295,222)	(15,703,958)	(16,215,857)	(15,640,846)
Deficit, end of period	$(16,373,308)	$(15,774,012)	$(16,373,308)	$(15,774,012)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	38,689,868	38,623,168	38,689,868	38,315,609

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

TERRA NOVA MINERALS INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	For the three months ended January 31, 2009	For the three months ended January 31, 2008	For the six months ended January 31, 2009	For the six months ended January 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (78,086)	$ (70,054)	$ (157,451)	$ (133,166)
Changes in non-cash working capital items:				
Increase (decrease) in receivables	(6,386)	(10,491)	5,340	(18,615)
Decrease in accounts payable and accrued liabilities	(16,505)	(10,311)	(19,510)	(15,888)
Net cash used in operating activities	(100,977)	(90,856)	(171,621)	(167,669)
CASH FLOWS FROM INVESTING ACTIVITIES				
Mineral property	-	(66,200)	-	(92,200)
Deferred acquisition costs	-	(49,610)	-	(55,310)
Net cash used in investing activities	-	(115,810)	-	(147,510)
Change in cash and cash equivalents during the period	(100,977)	(206,666)	(171,621)	(315,179)
Cash and cash equivalents, beginning of period	535,329	1,094,819	605,973	1,203,332
Cash and cash equivalents, end of period	$ 434,352	$ 888,153	$ 434,352	$ 888,153

Supplemental disclosures with respect to cash flows (Note 8)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Terra Nova Minerals Inc. (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 and the Frankfurt Stock Exchange. The Company's principal business is the acquisition and exploration of mineral properties.

The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their development and upon future profitable production.

These interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to 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 raise adequate financing to develop its mineral properties, and to commence profitable operations in the future. To date, the Company has not generated any significant revenues and is considered to be in the exploration stage. Management's plan in this regard is to secure additional funds through future equity financings, which may not be available or may not be available on reasonable terms.

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.

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, 2009 are not necessarily indicative of the results that may be expected for the year ending July 31, 2009. These interim consolidated financial statements follow the same accounting policies as the annual financial statements, except as noted below. Accordingly, these financial statements should be read in conjunction with the 2008 annual consolidated financial statements and the notes thereto.

Adoption of New Accounting Standards and Accounting Pronouncements

Effective August 1, 2008, the Company adopted the following new accounting standards that were issued by the Canadian Institute of Chartered Accountants. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Standards and Accounting Pronouncements (continued)

(i) Financial Instrument Disclosures and Presentation

CICA Handbook Sections 3862 *"Financial Instruments – Disclosures"* and Section 3863*"Financial Instruments – Presentation"* replace Section 3861 *"Financial Instruments – Disclosure and Presentation"*. The new standards carry forward the presentation requirements for financial instruments and enhance the disclosure requirements by placing increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

(ii) Capital Disclosures

CICA Handbook Section 1535 requires the company to disclose (a) its objectives, policies and processes for managing capital; (b) quantitative data about what the entity regards as capital; (c) whether the entity has complied with any capital requirements; and (d) if it has not complied, the consequences of such noncompliance.

(iii) Going Concern

CICA Handbook Section 1400 - General Standards of Financial Statements. The new standard requires management to make an assessment of the Company's ability to continue as a going concern, and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

(iv) Goodwill and Other Intangible Assets

CICA Handbook Section 3064 - Goodwill and other intangibles assets. This new section replaces Section 3062, Goodwill and other intangible assets and Section 3450, Research and development costs. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062.

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 August 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2010.

3. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

4. MINERAL PROPERTY

During the year ended July 31, 2008 and amended subsequent to January 31, 2009, 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 June 29, 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 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 June 29, 2009 and incurring a further $300,000 in exploration costs on or before June 29, 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.

As at January 31, 2009, the Company has incurred additional acquisition costs totalling $44,457. During fiscal 2008, the Company also incurred deferred exploration costs totalling $3,611 relating to geologist consulting fees. Subsequent to January 31, 2009, the Company paid $10,000 to amend the option agreement described above.

5. RELATED PARTY TRANSACTIONS

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

a) Paid or accrued management fees of $60,000 (2008 – $60,000) to a company with a director in common.

b) Paid or accrued legal fees of $32,755 (2008 – $25,145) and mineral property costs of $Nil (July 31, 2008 - $4,308) to a law firm of which a director is a partner.

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

At January 31, 2009, $Nil (July 31, 2008 - $2,718) was owing to related parties and included in accounts payable and accrued liabilities. Amounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

6. SHARE CAPITAL

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited common shares without par value			
Issued			
Balance as at July 31, 2007	38,008,050	$ 16,136,526	$ 691,152
Shares issued for mineral property	681,818	75,000	-
Stock-based compensation	-	-	118,624
Balance as at July 31, 2008 and January 31, 2009	38,689,868	$ 16,211,526	$ 809,776

During the year ended July 31, 2008, the Company issued 681,818 common shares valued at $75,000 pursuant to the Pegma Lake option agreement (Note 4).

7. STOCK OPTIONS AND WARRANTS

Stock options

The Company has a stock option plan (the "Stock Option Plan"). Under the Stock Option Plan, the Company may grant options to directors, officers, employees, dependent contractors or consultants. The number of options outstanding at any time may not be more than 10% of the issued and outstanding shares of the Company. 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: one third on the award date, one third 12 months following the award date and one third 24 months following the award date.

The following stock options were outstanding at January 31, 2009:

Number	Exercise Price	Expiry Date
1,900,000	$0.14	June 13, 2012
1,150,000	0.13	June 13, 2012
3,050,000		

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, July 31, 2008 and January 31, 2009	3,050,000	$	0.14
Number of options exercisable at January 31, 2009	2,033,333	$	0.14

Warrants

The following warrants were outstanding at January 31, 2009:

Number	Exercise Price	Expiry Date
12,750,000	$0.15	March 21, 2009 (subsequently expired)
1,750,000	0.15	April 20, 2009
14,500,000		

7. STOCK OPTIONS AND WARRANTS (continued)

Warrants (continued)

Warrant transactions and the number of warrants are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2007	15,235,000	$ 0.15
Expired	(735,000)	0.10
Balance, July 31, 2008 and January 31, 2009	14,500,000	$ 0.15

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2009	2008
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

There were no significant non-cash transactions during the six months ended January 31, 2009.

The significant non-cash transaction of the Company during the six months ended January 31, 2008 was the issuance of 681,818 common shares at a value of $75,000 pursuant to the Pegma Lake mineral property option agreement (Note 4).

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 cash 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 2008.

The Company is not subject to externally imposed capital restrictions.

10. SEGMENTED INFORMATION

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

11. CONTINGENCY

A legal action in the amount of approximately US$10 million has been brought against the Company's wholly-owned Barbados subsidiary as a co-defendant regarding an alleged wrongful acquisition of certain assets located in the country of Zambia. The Company did not agree to acquire, nor did it acquire, any such assets and is of the opinion that the claims are without foundation or merit and is in the process of defending the action, which defence will include a motion to summarily dismiss the plaintiff's claims. The Company has not accrued a provision for liability as the amount of potential liability, if any, has been assessed as minor.

TERRA NOVA MINERALS INC.

Management Discussion and Analysis

Six Months Ended January 31, 2009

This management discussion and analysis ("MD&A") of financial position and results of operations is prepared as at March 31, 2009 and should be read in conjunction with the unaudited interim consolidated financial statements for the six months ended January 31, 2009 of Terra Nova Minerals Inc. ("Terra Nova" or the "Company") with the related notes thereto. Those unaudited interim 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, 2008 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 year ended July 31, 2008 and amended subsequent to January 31, 2009, 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 June 29, 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 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 June 29, 2009 and incurring a further $300,000 in exploration costs on or before June 29, 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.

As at January 31, 2009, the Company has incurred additional acquisition costs totalling $44,457. During fiscal 2008, the Company also incurred deferred exploration costs totalling $3,611 relating to geologist consulting fees. Subsequent to January 31, 2009, the Company paid $10,000 to amend the option agreement described above.

Results of Operations

During the three months ended January 31, 2009 ("current period"), the Company incurred a loss of $78,086 compared to a loss of $70,054 for the three months ended January 31, 2008 ("comparative period"). The significant changes between the current period and the comparative period are as follows:

Administration fees of $16,249 (comparative period - $9,698) increased as the Company paid a fee to an officer of the Company.

Travel and related costs of $1,204 (comparative period - $5,040) decreased as the management has not had to travel as much to conduct its business transactions.

Interest income of $5,323 (comparative period - $7,619) decreased as the Company has used cash to fund ongoing operations.

During the six months ended January 31, 2009, the Company incurred a loss of $157,451 compared to a loss of $133,166 for the six months ended January 31, 2008. The significant changes during the current period compared to the comparative period were the increase of administration fees to $25,788 (comparative period - $20,249) due to fees paid to an officer of the Company, an increase in filing and transfer agent fees to $10,324 (comparative period - $7,835) as the Company paid fees on a private placement that was not completed, and an increase to shareholder communications to $17,520 (comparative period - $Nil) as the Company is pursuing new business activities. These increases were offset by a decrease in office and miscellaneous to $8,297 (comparative period $14,776) and travel and related costs to $5,408 (comparative period - $10,140).

Quarterly Information

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

	Three Months Ended Jan. 31, 2009	Three Months Ended Oct. 31, 2008	Three Months Ended July 31, 2008	Three Months Ended April 30, 2008
Total assets	$ 650,740	$ 745,331	$ 827,701	$ 1,073,644
Mineral properties and deferred costs	198,068	198,068	198,068	335,914
Working capital	449,926	528,012	607,377	721,891
Loss for the period	(78,086)	(79,365)	(363,365)	(70,861)
Loss per share	(0.00)	(0.01)	(0.01)	(0.00)

	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	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	(0.00)	(0.00)	(0.01)	(0.00)

2009

During the second quarter of fiscal 2009, the loss incurred by the Company decreased slightly to $78,086, as a result of lower shareholder communication costs and travel and related costs. The decrease was offset by an increase in administration fees and professional fees.

During the first quarter of fiscal 2009, the loss incurred by the Company decreased to $79,365 from the $363,365 incurred during the fourth quarter of fiscal 2008 primarily due to the decrease in stock-based compensation expense from $118,624 to $Nil as no stock options were granted in the first quarter of fiscal 2009. The decrease was also due to a reduction in property investigation costs from $146,808 in the fourth quarter of fiscal 2008 to $Nil for the first quarter of fiscal 2009.

2008

During the fourth quarter of fiscal 2008, the loss incurred by the Company increased to $363,365 as a result of stock-based compensation, a non-cash expense of $118,624, on options previously granted as well as property investigation costs of $146,808.

During the third quarter of fiscal 2008, the loss incurred by the Company decreased to $70,861 as the Company had lower travel costs.

During the second quarter of fiscal 2008, the loss incurred by the Company increased to $77,673 as a result of increased office and miscellaneous costs incurred during the quarter.

During the first quarter of fiscal 2008, the loss incurred by the Company decreased to $63,112 from $214,568 incurred in the fourth quarter of fiscal 2007 primarily as a result of a decrease of stock-based compensation expense from $108,350 to $Nil as no stock options were granted in the first quarter of fiscal 2008. During the quarter, the Company entered into the Pegma Lake option agreement in Quebec Canada, the terms of which are disclosed within the property description section above.

2007

During the fourth quarter of fiscal 2007, the loss incurred by the Company increased to $214,568 as a result of stock-based compensation, a non-cash expense of $108,350, for stock options granted during the period, as well as recognizing shareholder communications expenses of $22,556. During the quarter, the Company granted 3,050,000 stock options enabling the optionees to purchase up to 1,900,000 common shares at a price of $0.14 and 1,150,000 common shares at a price of $0.13, all expiring June 13, 2012.

During the third quarter of fiscal 2007, the loss incurred by the Company increased to $56,151 as the Company commenced payment of management fees of $10,000 per month to William McLucas. During the quarter, the Company closed its private placement and issued 12,750,000 units for proceeds totaling $1,275,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.15 per share until March 21, 2009 (subsequently expired).

Liquidity and Capital Resources

The Company is in the development stage and therefore has no regular cash flow. As at January 31, 2009, the Company had a working capital of $449,926 and cash on hand of $434,352 compared to a working capital of $607,377 and cash on hand of $605,973 at July 31, 2008.

The significant changes in cash during the six months ended January 31, 2009 were primarily due to the use of cash in operations of approximately $171,600.

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 and precious metals.

Related party transactions

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

a) Paid or accrued management fees of $60,000 (2008 - $60,000) to a company of which William McLucas, is a director.

b) Paid or accrued legal fees of $32,755 (2008 - $25,145) and mineral property acquisition costs of $Nil (July 31, 2008 - $4,308) to a law firm of which director Grant Sawiak is a partner.

At January 31, 2009, included in accounts payable is $Nil (July 31, 2007 - $2,718) owed to a law firm of which director Grant Sawiak 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.

CONTINGENCY

A legal action in the amount of approximately US$10 million has been brought against the Company's wholly-owned Barbados subsidiary as a co-defendant regarding an alleged wrongful acquisition of certain assets located in the country of Zambia. The Company did not agree to acquire, nor did it acquire, any such assets and is of the opinion that the claims are without foundation or merit and is in the process of defending the action, which defence will include a motion to summarily dismiss the plaintiff's claims. The Company has not accrued a provision for liability as the amount of potential liability, if any, has been assessed as minor.

Off Balance Sheet Arrangements

The Company has no off Balance Sheet arrangements.

Outstanding Share Data

As at March 31, 2009, 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) 1,750,000 share purchase warrants outstanding with an exercise price of $0.15 per share expiring 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. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Adoption of New Accounting Standards and Accounting Pronouncements

Effective August 1, 2008, the Company adopted the following new accounting standards that were issued by the Canadian Institute of Chartered Accountants. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements:

(i) Financial Instrument Disclosures and Presentation

CICA Handbook Sections 3862 *"Financial Instruments – Disclosures"* and Section 3863*"Financial Instruments – Presentation"* replace Section 3861 *"Financial Instruments – Disclosure and Presentation"*. The new standards carry forward the presentation requirements for financial instruments and enhance the disclosure requirements by placing increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

*(ii)	Capital Disclosures*

CICA Handbook Section 1535 requires the company to disclose (a) its objectives, policies and processes for managing capital; (b) quantitative data about what the entity regards as capital; (c) whether the entity has complied with any capital requirements; and (d) if it has not complied, the consequences of such noncompliance.

*(iii)	Going Concern*

CICA Handbook Section 1400 - General Standards of Financial Statements. The new standard requires management to make an assessment of the Company's ability to continue as a going concern, and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

*(iv)	Goodwill and Other Intangible Assets*

CICA Handbook Section 3064 - Goodwill and other intangibles assets. This new section replaces Section 3062, Goodwill and other intangible assets and Section 3450, Research and development costs. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062.

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 August 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2010.

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.