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LEVON RESOURCES LTD.

Interim Financial Statements

Nine Months Ended December 31, 2007

(unaudited)

Index

Notice to Readers: These financial statements have been prepared by management of the Company and have not been subject to review by the Company's auditor.

LEVON RESOURCES LTD.
(An Exploration Stage Company)
Balance Sheets
(Prepared by Management)

	December 31, 2007	March 31, 2007
	(Unaudited)	(Audited)
ASSETS		
Current		
Cash	$ 361,692	$ 628,599
Accounts receivable and prepaid expenses	88,493	26,562
Investments (note 4)	31,359	29,473
Due from related parties (note 7)	-	12,391
	481,544	697,025
Security Deposits	31,317	34,117
Investment in Resource Properties (note 5)	1,323,578	1,012,187
Office Equipment	4,307	4,302
	$ 1,840,746	$ 1,747,631
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 64,235	$ 59,465
Due to related parties (note 7)	157,834	103,964
	222,069	163,429
SHAREHOLDERS' EQUITY		
Capital Stock (note 6)	22,623,003	22,160,953
Contributed Surplus	317,688	319,015
Accumulated Other Comprehensive Income (note 2)	1,886	-
Deficit	(21,323,900)	(20,895,766)
	1,618,677	1,584,202
	$ 1,840,746	$ 1,747,631

Approved on behalf of the Board:

s/ *"Louis Wolfin"*
Louis Wolfin, Director

s/ *"Ron Tremblay"*
Ron Tremblay, Director

LEVON RESOURCES LTD.

(An Exploration Stage Company)
Statements of Operations, Comprehensive Income (Loss) and Deficit
(Unaudited – Prepared by Management)

	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Nine Months Ended December 31, 2007	Nine Months Ended December 31, 2006
		(Restated) (Note 8)		**(Restated) (Note 8)**
Expenses				
Consulting and management fees	$ 7,500	$ 5,000	$ 33,520	$ 41,805
Compliance listings and transfer agent fees	4,774	5,430	24,170	23,195
Corporate and administrative services	-	13,500	-	26,000
General exploration	-	-	8,255	-
Office occupancy and miscellaneous	12,859	7,203	29,640	34,865
Professional fees	21,969	2,670	34,799	20,937
Salaries and benefits	13,116	3,612	40,369	12,379
Shareholder relations and promotion	66,850	10,478	168,522	21,077
Stock based compensation	-	17,000	17,859	51,800
Travel and automotive	35,772	7,860	88,180	22,932
Loss Before Other Items	(162,840)	(72,753)	(445,314)	(254,990)
Other Items				
Interest income	3,219	3,348	9,126	14,114
Foreign exchange gain (loss)	-	-	8,054	-
Loss for the Period	(159,621)	(69,405)	(428,134)	(240,876)
Other Comprehensive Income				
Unrealized loss on investment securities	(7,568)	-	(5,968)	-
Total Comprehensive Loss	(167,189)	(69,405)	(434,102)	(240,876)
Deficit, Beginning of Period	(21,164,279)	(20,830,418)	(20,895,766)	(20,658,947)
Deficit, End of Period	$(21,323,900)	$(20,899,823)	$(21,323,900)	$(20,899,823)
Loss Per Share	$(0.00)	$(0.00)	$(0.01)	$(0.01)
Weighted Average Number of Common Shares Outstanding	43,960,135	38,101,911	43,405,574	36,735,522

LEVON RESOURCES LTD.

(An Exploration Stage Company)

Statements of Cash Flows
(Unaudited – Prepared by Management)

	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Nine Months Ended December 31, 2007	Nine Months Ended December 31, 2006
Operating Activities				
Net Loss	$ (159,621)	$ (69,405)	$ (428,134)	$ (240,876)
Items not involving cash				
Amortization	240	148	695	441
Stock based compensation	3,324	17,000	43,223	51,800
Changes in non-cash working capital items:				
Accounts receivable and prepaid expenses	24,789	(16,989)	(61,931)	35,161
Accounts payable and accrued liabilities	(55,717)	9,898	4,770	(34,749)
Due to (from) related parties	68,786	226,340	66,261	246,632
Cash Used in Operating Activities	(118,199)	166,992	(375,116)	58,409
Investing Activities				
Investment in and expenditures on resource properties	(183,833)	(432,220)	(311,391)	(455,747)
Purchase of equipment	-	(2,170)	(700)	(2,169)
Security deposits	-	(2,705)	2,800	11,795
Cash Used in Investing Activities	(183,833)	(437,095)	(309,291)	(446,121)
Financing Activities				
Issue of capital stock for cash, net of issue costs	85,000	228,000	417,500	1,142,700
Share subscriptions received	-	-	-	(805,253)
Cash Provided by Financing Activities	85,000	228,000	417,500	337,447
Outflow of Cash	(217,032)	(42,103)	(266,907)	(50,265)
Cash, Beginning of Period	578,724	726,361	628,599	734,523
Cash, End of Period	$ 361,692	$ 684,258	$ 361,692	$ 684,258

1. NATURE OF OPERATIONS

Levon Resources Ltd. (the "Company") was incorporated under the laws of British Columbia on April 9, 1965. It is an exploration stage public company whose principal business activities are the exploration for and development of natural resource properties. There have been no significant revenues generated from these activities to date.

The Company is in the process of exploring and developing its resource properties and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, confirmation of the Company's interest in the underlying mineral claims and leases, and upon future profitable production or sufficient proceeds from the disposition of its mineral properties.

2. BASIS OF PRESENTATION AND RECENT ACCOUNTING PRONOUNCEMENTS

These unaudited interim financial statements have been prepared in accordance with the accounting principles generally accepted in Canada for interim financial information and follow the same accounting policies and methods of their application as the Company's most recent annual financial statements. These interim financial statements do not include all of the disclosure included in the annual financial statements, and accordingly, they should be read in conjunction with the annual financial statements for the year ended March 31, 2007.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation of these unaudited financial statements have been included and all such adjustments are of a normal recurring nature. Operating results for the three month period and nine month period ended December 31, 2007 are not necessarily indicative of the results that can be expected for the year ended March 31, 2008.

In early 2005, the CICA issued new standards for Comprehensive Income (CICA 1530), Financial Instruments (CICA 3855) and Hedges (CICA 3865), which are effective for fiscal years beginning on or after October 1, 2006. The new standards bring Canadian rules more into line with current rules in the United States. These new standards do affect the Company at present and consequently a statement of comprehensive income is included in the Statements of Operations, Comprehensive Income (Loss) and Deficit.

Section 1530 introduces the concept of comprehensive income, which includes net income and other comprehensive income. Other comprehensive income represents changes in shareholders' equity during a period arising from such items as unrealized foreign currency translation gains or losses arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale investments, and changes in the fair value of the effective portion of cash flow hedging instruments. The application of this new standard affected investments on the balance sheet. The result was an increase of $1,886 to investments and to accumulated other comprehensive income in shareholders' equity.

2. BASIS OF PRESENTATION AND RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It also specifies how financial instrument gains and losses are to be presented. All financial instruments must be classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. Initial and subsequent recognition and measurement of changes in the value of financial instruments depends on their initial classification. The application of Section 3855 did have an impact on the Company's interim financial statements as the Company's investment securities have been designated as available-for-sale shares.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes, and specifies how hedge accounting is applied and what disclosures are necessary when it is applied. The application of Section 3865 did not have an impact on the Company's interim financial statements as there are no transactions which have been designated as hedges for accounting purposes.

3. COMPARATIVE FIGURES

Certain comparative balances have been reclassified to conform to current year accounting policies and financial statement presentation.

4. INVESTMENTS

At December 31, 2007, the Company held shares as follows:

	Number of shares	Cost	Accumulated Unrealized Gains (losses)	Fair Value
Available-for-sale shares:				
Mill Bay Ventures Inc.	348,978	$ 27,918	$ (3,490)	$ 24,428
Avino Silver & Gold Mines Ltd.	4,200	1,554	5,376	6,930
Omega Equities Corp., at nominal value	57,000	1	-	1
	410,178	$ 29,473	$ 1,886	$ 31,359

During the nine month period ended December 31, 2007, the Company recognized a $5,968 unrealized loss on investment securities designated as available-for-sale in other comprehensive income.

Avino Silver & Gold Mines Ltd. and Mill Bay Ventures Inc., have common directors with the Company.

5. INVESTMENT IN RESOURCE PROPERTIES

The following is a summary of mineral property expenditures for the nine months ended December 31, 2007:

	Congress	Gold Bridge	Eagle	Ruf	Norma Sass	Wayside	Total
	(note 5(a))	(note 5(b))	(note 5(c))	(note 5(d))	(note 5(d))	(note 5(e))	
Balance, March 31, 2007	$ 754,276	$ 248,819	$ 1	$ 1	$ 1	$ 9,089	$ 1,012,187
Deferred exploration costs							
Assays	2,184	-	-	-	-	-	2,184
Assessment, permits and filing fees	3,046	-	-	-	-	-	3,046
Drafting and mapping	376	-	-	-	-	-	376
Drilling	155,078	-	-	-	-	-	155,078
General supplies and services	18,937	-	-	-	-	-	18,937
Geological and management services	66,867	-	-	-	-	-	66,867
Geochemical	40,144	-	-	-	-	-	40,144
Prospecting	18,594	-	-	-	-	-	18,594
Reclamation	6,334	-	-	-	-	-	6,334
Trenching	7,930	-	-	-	-	-	7,930
Cost recoveries	-	(8,099)	-	-	-	-	(8,099)
Balance, December 31, 2007	$ 1,073,766	$ 240,720	$ 1	$ 1	$ 1	$ 9,089	$ 1,323,578

(a) Congress Claims

The Company owns a 50% leasehold interest in 45 claims in the Lillooet Mining Division, British Columbia. The mineral claims were purchased from a company with common directors.

The Congress claims are subject to a Joint Venture Agreement dated February 25, 1983 between the Company and Veronex Resources Ltd. ("Veronex"). Veronex has earned a 50% net interest in the claims, net of a 5% net smelter royalty held by the Company, by expending $1,000,000 in a prior year. All subsequent expenditures are to be contributed equally by the Company and Veronex. No contribution has been made by Veronex in recent years to the cost of exploration.

5. INVESTMENT IN RESOURCE PROPERTIES (Continued)

(b) Gold Bridge Claims (BRX Project)

The Company owns a 50% interest in 74 mineral claims in the Gold Bridge area, Lillooet Mining Division, British Columbia. In 2002, the Company wrote-down the expenditures related to the claims resulting in a charge of $118,179 to operations. The claims remain in good standing until December 2008.

On December 17, 2002, the Company entered into an option agreement whereby Mill Bay, a company related by common directors, could acquire an undivided 50% interest in the Gold Bridge claims as follows:

(i) Incur $100,000 of expenditures on the property, and issue 100,000 common shares of Mill Bay to the Company on or before December 17, 2003 (done);

(ii) Incur an additional $100,000 of expenditures on the property, and issue another 100,000 common shares of Mill Bay to the Company on or before December 17, 2004 (done); and

(iii) Incur an additional $100,000 of expenditures on the property, and issue another 100,000 common shares of Mill Bay to the Company on or before December 17, 2005 (done).

On September 1, 2003, the option agreement was amended such that the $100,000 in expenditures and the 100,000 common shares due on or before December 17, 2003 was deferred until December 17, 2004. The Company received the shares during fiscal 2006 and Mill Bay incurred the required exploration on the property to earn the 50% interest in the property.

(c) Eagle Claims

The Company holds a 50% interest in 26 lode-mining claims located in Lander County, Nevada. The claims are subject to a 3% net smelter return royalty. The Company has no current plan to further explore or incur additional expenditures on this property beyond the minimum requirement to maintain the claims in good standing.

(d) Ruf and Norma Sass Properties

In 2003, the Company acquired from Coral Resource Inc. (“Coral”) an undivided one-third interest in 54 mineral claims known as the Ruf and Norma Sass properties located in Lander County, Nevada (the “Property”) in consideration of cash payments to Coral of $350,292 (paid) and 300,000 common shares (issued) of the Company. The property is subject to a 3% net smelter royalty with Coral to a maximum of $1,250,000.

5. INVESTMENT IN RESOURCE PROPERTIES (Continued)

(d) Ruf and Norma Sass Properties (Continued)

During fiscal 2005, Coral and the Company (collectively, the "Companies") entered into an Agreement with Agnico-Eagle Mines Ltd. ("AGE") wherein the Companies granted AGE an option to purchase 100% interest in the property subject to a 2.5% royalty to the Companies in consideration of the following minimum advance royalty payments (in US dollars) and minimum work commitments:

Execution of the Agreement (October 12, 2004)	$ 25,000	13,000 feet of drilling
First anniversary	$ 30,000	15,000 feet of drilling
Second anniversary	$ 50,000	17,000 feet of drilling
Third anniversary	$ 75,000	
Fourth anniversary	$ 75,000	
Fifth anniversary	$ 150,000	

Under the terms of the Agreement, 13,000 feet of exploration drilling was completed. The initial and first anniversary advance royalty payments have been received. During fiscal 2007 and prior to the second anniversary of the agreement, AGE decided not to commit to a further 15,000 feet of drilling or pay the $50,000 royalty payment, thereby terminating the agreement.

(e) Wayside Claims

The Company owns 24 mineral claims in the Lillooet Mining Division, British Columbia. In 2002, the Company wrote-down the expenditures related to the claims resulting in a charge to operations of $42,119. During fiscal 2006, with equity funding available, the Company recommenced exploration on the property.

6. CAPITAL STOCK

(a) Authorized: Unlimited common shares without par value

(b) Issued:

	Shares		Amount
Balance, March 31, 2007	40,784,483	$	22,160,953
Exercise of warrants	2,485,000		298,500
Exercise of options	195,000		19,500
Transferred from contributed surplus on exercise of stock options	-		17,550
Balance, June 30, 2007	43,464,483	$	22,496,503
Exercise of options	125,000		14,500
Transferred from contributed surplus on exercise of stock options	-		11,625
Balance, September 30, 2007	43,589,483	$	22,522,628
Exercise of warrants	500,000		60,000
Exercise of options	150,000		25,000
Transferred from contributed surplus on exercise of stock options	-		15,375
Balance, December 31, 2007	44,239,483	$	22,623,003

(c) Stock Options

During the three month period ended September 30, 2007 the Company granted 175,000 stock options at an exercise price of $0.35 per share expiring on September 14, 2012. The Company charged $17,859 to stock-based compensation during the period and will be charging $7,143 to shareholder relations and promotions over a one year vesting period to recognize the estimated fair value of the options granted to a consultant providing investor relations services. The Company also granted 50,000 stock options at an exercise price of $0.50 per share expiring on September 14, 2012. The Company will be charging $6,151 to shareholder relations and promotions over a one year vesting period to recognize the estimated fair value of the options granted to a consultant providing investor relations services. The fair values were estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.0%, dividend yield of 0%, expected life of 3 years and a volatility factor of 94%.

6. CAPITAL STOCK (Continued)

(c) Stock Options (Continued)

During the three month period ended June 30, 2007 the Company granted 200,000 stock options at an exercise price of $0.35 per share expiring on June 14, 2012. The Company charged $11,020 to consulting fees and $11,020 to mineral properties to recognize the estimated fair value of the options granted to consultants providing financial and geological services. The fair value was estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.0%, dividend yield of 0%, expected life of 3 years and a volatility factor of 92%.

A summary of the stock options activity for the period ended December 31, 2007 is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2007	3,435,000	$0.10
Granted	200,000	$0.35
Exercised	(195,000)	$0.10
Cancelled	(150,000)	$0.10
Balance, June 30, 2007	3,290,000	$0.15
Granted	225,000	$0.38
Exercised	(125,000)	$0.12
Cancelled	(25,000)	$0.10
Balance, September 30, 2007	3,365,000	$0.17
Exercised	(150,000)	$0.17
Balance, December 31, 2007	3,215,000	$0.17

6. CAPITAL STOCK (Continued)

(c) Stock Options (Continued)

A summary of the stock options outstanding and exercisable for the period ended December 31, 2007 is as follows:

Expiry Date	Exercise Price	Number of Shares
April 5, 2010	$0.10	1,490,000
April 25, 2011	$0.21	925,000
October 2, 2011	$0.10	275,000
January 26, 2012	$0.18	100,000
June 14, 2012	$0.35	200,000
September 14, 2012	$0.35	175,000
September 14, 2012	$0.50	50,000
		3,215,000

(d) Share Purchase Warrants

A summary of share purchase warrants transactions for the period ended December 31, 2007 is as follows:

	Number of Shares	Weighted Average Exercise Price
Warrants outstanding and exercisable, March 31, 2007	12,617,572	$0.13
Exercised	(2,485,000)	$0.12
Warrants outstanding and exercisable, June 30, 2007	10,132,572	$0.16
Exercised, Cancelled or Issued	-	-
Warrants outstanding and exercisable, September 30, 2007	10,132,572	$0.16
Exercised	(500,000)	$0.12
Warrants outstanding and exercisable, December 31, 2007	9,632,572	$0.16

6. CAPITAL STOCK (Continued)

(d) Share Purchase Warrants (Continued)

As at December 31, 2007, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	Number of Shares
March 30, 2008	$0.40	487,572
April 12, 2008	$0.15	6,895,000
November 17, 2008	$0.15	2,250,000
		9,632,572

7. RELATED PARTY TRANSACTIONS

During the nine month period ended December 31, 2007:

(a) $Nil (2006 - $26,000) was paid for accounting and corporate services to a private company owned by a former director and former secretary of the Company;

(b) $88,954 (2006 - $51,529) was charged for office, occupancy and miscellaneous costs and salaries, and administrative services paid on behalf of the Company by Oniva International Services Corp. (“Oniva”), a private company owned by the Company and five other reporting issuers having common directors;

(c) $123,640 (2006 - $348,059) was charged to the Company for drilling services from ABC Drilling Services Inc. (“ABC Drilling”), a private drilling company owned by Oniva;

(d) $22,500 (2006 - $5,000) was paid for management fees to a private company controlled by a director and officer of the Company;

(e) $Nil (2006 - $15,000) was paid for management fees to a private company controlled by a director and officer of the Company;

(f) $11,098 (2006 - $Nil) was paid for geological and consulting services to a private company controlled by a director of the company;

(g) $Nil (2006 - $15,000) was paid for consulting services to a private company controlled by a director of a related company;

(h) $32,826 (2006 - $27,167) was charged to the Company for exploration services from Bralorne Gold Mines Ltd. (“Bralorne”), a public company with common directors and management; and

(i) $5,580 (2006 - $Nil) was charged to the Company for exploration costs associated with the Company’s mineral properties in the State of Nevada from Coral Gold Resources Ltd. (“Coral”), a public company with common directors and management.

7. RELATED PARTY TRANSACTIONS (Continued)

These charges were measured at the exchange amount, which is the amount agreed upon by the transacting parties. With the exception of the disclosure above, there are no stated terms of interest or repayment on balances owing by related parties to the Company.

The Company takes part in a cost-sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The agreement may be terminated with one-month's notice by either party.

Amounts due from related parties consists of $Nil (March 31, 2007 - $12,391) owing from ABC Drilling. Amounts due are without stated terms of interest or repayment.

Amounts due to related parties include $64,668 (March 31, 2007 - $Nil) owed to ABC Drilling; $25,697 (March 31, 2007 - $32,256) owed to Oniva, $58,100 (March 31, 2007 - $59,804) owed to Coral; $8,378 (March 31, 2007 - $Nil) owed to Bralorne; $530 (March 31, 2007 - $678) owed to a private company controlled by a director of the Company; and $461 (March 31, 2007 - $461) owed to a private company controlled by a director of a related public company. Amounts due are without stated terms of interest or repayment.

8. PRIOR PERIOD ADJUSTMENT

During the year ended March 31, 2007, the Company discovered that there were general and administrative expenses totalling $29,559 that were not recorded in prior periods. The financial statements have been retroactively adjusted to reflect this error whereby for the three month period ended December 31, 2006 the beginning deficit was increased from $20,800,859 to $20,830,418 and for the nine month period ended December 31, 2006 the beginning deficit was increased from $20,629,388 to $20,658,947.

The following discussion and analysis of the results of operations, and financial position of Levon Resources Ltd. (the "Company" or "Levon") for the period ended December 31, 2007 should be read in conjunction with the December 31, 2007 financial statements and the related notes thereto.

This Management Discussion and Analysis ("MD&A") is dated February 26, 2008 and discloses specified information up to that date. Levon is classified as a "venture issuer" for the purposes of National Instrument 51-102. The Company's financial statements are prepared in accordance with generally accepted accounting principles in Canada. Unless otherwise cited, references to dollar amounts are Canadian dollars.

We recommend that readers consult the "Cautionary Statement" on the last page of this report.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Overview

Levon is an exploration stage public company listed on the TSX Venture Exchange under the symbol LVN and on the Frankfurt Stock Exchange under the symbol L09. The Company is a reporting issuer in British Columbia, Alberta and Ontario and its international ISIN number is CA 5279011020. The Company's principal business activities are the exploration and development of natural resource properties.

At this time, the Company has no operating revenues, and does not anticipate any operating revenues until the Company is able to find, acquire, place in production and operate a mine. Historically, the Company has raised funds through equity financing and the exercise of options and warrants to fund its operations.

Overall Performance

Development during the period ended December 31, 2007

Exploration

The Company was primarily engaged in the exploration of its Congress Property located on the north side of Carpenter Lake British Columbia's historic gold producing Bridge River region. The Congress Property is a long standing mining property that supported past high grade gold vein production from three, portal entry underground workings. The property covers 2,433 hectares (6,012 acres) and consists of 45 claims including 8 crown grants, 13 mineral leases and 24 mineral claims.

Since May 2007, Levon has undertaken three phases of surface exploration to locate new gold bearing structures on its Congress property situated in the Bridge River Gold Camp. The three phases include prospecting, MMI soil grids, trenching by hand and with an excavator. Prospecting has been successful with the relocation of three previously known showings that have received little exploration work in the past and has also led to several other new discoveries. Most of the relocated zones and new discoveries are found along the south side of the Gun Creek canyon, on the north central portion of the Congress Property, and are contained in an area 100m wide by 600m long. The zones found in this area have a general east west trend as opposed to the Congress, Lou and the Howard Zones, that have a north-south trend. Detailed geological mapping will be conducted to determine where diamond drill holes should be placed to test the gold bearing structures found in this area of Gun Creek.

In November 2007, the Company announced the approval of a 16-hole (5,000 metres) diamond drill program by the BC Ministry of Mines. The drill program has been designed to offset high grade surface gold showings discovered in September 2007, test the size potential of newly recognized porphyry gold controls on high grade stockwork vein zones, discovered in Gun Creek canyon in a northern part of the property and test the northern strike projection of the high grade Lou Gold Zone toward Gun Creek.

In January 2008, the Company announced that the initial three holes have been drilled, logged, split and sampled. Samples are in the labs for gold assays and 31 element ICP analysis.

Corporate

During the three months ended December 31, 2007 the Company had 150,000 stock options exercised for total proceeds of $25,000 and 500,000 warrants exercised for total proceeds of $60,000.

Risks

Exploration and development involve a high degree of risk and few properties are ultimately developed into producing mines. There is no assurance that the Company's future exploration and development activities will result in any discoveries of commercial bodies of ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.

The Company's projections are estimates only based on management's assessment of facts at the time of the projections. Management believes these projections to be reasonable but actual results may differ.

Competition

The mining industry in which the Company is engaged is in general, highly competitive. Competitors include well-capitalized mining companies, independent mining companies and other companies having financial and other resources far greater than those of the Company. The Company competes with other mining companies in connection with the acquisition of mineral properties. In general, properties with a higher grade of recoverable mineral that is more readily mineable, afford the owners a competitive advantage in that the cost of production of the final mineral product is lower. Thus, a degree of competition exists between those engaged in the mining industry to acquire the most valuable properties. As a result, the Company may eventually be unable to acquire attractive mining properties.

Results of Operations

Three months ended December 31, 2007 compared with the three months ended December 31, 2006

General and administrative expenses

General and administrative expenses totaled $162,840 for the quarter ended December 31, 2007 with a comparative total of $72,753 for the quarter ended December 31, 2006, an increase of $90,087. There were cost increases of $2,500 in consulting and management fees, $5,656 in office occupancy and miscellaneous, $19,299 in professional fees, $9,504 in salaries and benefits, $56,372 in shareholder relations and promotion, and $27,912 in travel and automotive. Cost decreases in the current quarter included $13,500 in corporate and administrative services and $17,000 in stock based compensation.

Impacting corporate and administrative services, salaries and benefits and office occupancy and miscellaneous costs was that the company had in prior years outsourced its' accounting and corporate secretary requirements but as of January 1, 2007, these services are provided under the cost sharing agreement that the Company has with a related private company. The result has been no costs recorded under corporate administrative services in the current year but higher amounts reported for salaries and benefits. In addition to this there has been an increase in personnel to handle increased administrative and accounting requirements. Shareholder relations and promotion expenses are significantly higher due to tradeshow participation in North America and Europe and an increase in costs associated with investor relations services agreements. The Company has been pursuing a stronger presence in Europe. Travel and automotive costs are higher due to an increase in exploration activities on the Congress property and more international travel for trade shows. Professional fees in the comparative quarter ended December 31, 2007 were higher due to the timing of legal fees concerning the Company's Form 20-F filing requirements with the Securities Exchange Commission and legal advice on general corporate matters.

Loss for the period

Loss for the quarter ended December 31, 2007 was $159,621 compared to the loss of $69,405 for the quarter ended December 31, 2006, an increase of $90,216. The reasons for the difference between the comparative quarters are the same as those referred to above for the general and administrative expenses. Interest income remained virtually unchanged between the comparative quarters and there were no other items effecting the loss for the period.

Nine months ended December 31, 2007 compared with the nine months ended December 31, 2006.

General and administrative expenses

General and administrative expenses totaled $445,314 for the nine month period ended December 31, 2007, compared with $254,990 for the nine month period ended December 31, 2006, an increase of $190,324. Compliance listing and filing fees, general exploration, professional fees, salaries and benefits, shareholder relations and promotion, and travel and automotive all increased in the nine months ended December 31, 2007 by $975, $8,255, $13,862, $27,990, $147,445 and $65,248 respectively. Consulting and management fees, corporate and administrative services, office occupancy and miscellaneous and stock based compensation all decreased in the nine month period ended December 31, 2007 by $8,285, $26,000, $5,225 and $33,941 respectively. The reasons for these increases and decreases are the same as those described above for the three month comparison except for consulting and management fees which were significantly less in the current period due to the termination of some consulting agreements midway through the prior year.

Loss for the period

Loss for the nine months ended December 31, 2007 was $428,134 compared with a loss of $240,876 for the nine months ended December 31, 2006, an increase of $187,258. Other items had a relatively small impact on changing the picture presented by the comparison of general and administrative expenses. In both comparative periods the other items reduced the overall loss. There was a foreign exchange gain of $8,054 in the period ended December 31, 2007 compared to nil in the comparative period. This is due to the increase in value of the Canadian dollar compared to the US dollar and the effect it had on some debt that is payable in US dollars. Interest income of $9,126 in the current period is $4,988 less than in the period ended December 31, 2006 and is due to the company holding less cash in the current period.

<u>Summary of Quarterly Results</u>

Period ended	Dec.31 2007 Q3	Sep.30 2007 Q2	June 30 2007 Q1	Mar. 31 2007 Q4	Dec. 31 2006 Q3	Sep.30 2006 Q2	June 30 2006 Q1	Mar.31 2006 Q4
Loss before other items	(162,840)	(198,831)	(83,643)	(173,540)	(72,753)	(103,816)	(78,421)	(302,225)
Net Income (Loss)	(159,621)	(187,489)	(81,024)	4,057	(69,405)	(99,043)	(72,428)	(284,670)
Basic Loss per Share	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.01)	(0.00)	(0.02)

<u>Liquidity and Capital Resources</u>

At this time the Company has no operating revenues. Historically, the Company has funded its operations through equity financing and the exercise of stock options and warrants.

As at December 31, 2007 the Company had working capital of $259,475.

In the fiscal year ended March 31, 2007 the Company had raised total proceeds of $1,425,650 through a combination of flow-through and non-flow-through private placements. There have been no private placements in the current year to date. However, during the current year to date there has been $358,500 raised through the exercising of warrants and $59,000 through the exercising of stock options. The Company has met its flow-through expenditure obligations as of December 31, 2007.

The Company believes it has sufficient working capital to meet its current obligations and operating expenses to the end of the fiscal year.

The Company is in the exploration stage. The investment in and expenditures on the mineral property comprise substantially all of the Company's assets. The recoverability of amounts shown for its mineral property interest and related deferred costs and the Company's ability to continue as a going concern is dependent upon the continued support from its directors, the discovery of economically recoverable reserves, and the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time.

Mineral exploration and development is capital extensive, and in order to maintain its interest the Company will be required to raise new equity capital in the future. There is no assurance that the Company will be successful in raising additional new equity capital.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

Related Party Transactions

During the nine month period ended December 31, 2007, $88,954 was charged for office, occupancy and miscellaneous costs and salaries, and administrative services paid on behalf of the Company by Oniva International Services Corp. ("Oniva"), a private company owned by the Company and five other reporting issuers having common directors; $123,640 was charged to the Company for drilling services from ABC Drilling Services Inc. ("ABC Drilling"), a private drilling company owned by Oniva; $22,500 was paid for management fees to a private company controlled by a director and officer of the Company; $11,098 was paid for geological and consulting services to a private company controlled by a director of the company; $32,826 was charged to the Company for exploration services from Bralorne Gold Mines Ltd. ("Bralorne"), a public company with common directors and management; and $5,580 was charged to the Company for exploration costs associated with the Company's mineral properties in the State of Nevada from Coral Gold Resources Ltd. ("Coral"), a public company with common directors and management.

These charges were measured at the exchange amount, which is the amount agreed upon by the transacting parties. With the exception of the disclosure above, there are no stated terms of interest or repayment on balances owing by related parties to the Company.

The Company takes part in a cost sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The agreement may be terminated with one-month notice by either party.

Amounts due to related parties include $64,668 to ABC Drilling; $25,697 owed to Oniva; $58,100 owed to Coral; $8,378 owed to Bralorne; $530 owed to a private company controlled by a director of the Company; and $461 owed to a private company controlled by a director of a related public company. Amounts due are without stated terms of interest or repayment.

Disclosure of Management Compensation

During the three month period ended December 31, 2007, $7,500 was paid to the President for services as director and officer of the Company; $2,167 was paid to the Secretary for services as an officer of the Company; and $1,875 was paid to the Chief Financial Officer for services as an officer of the Company.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and would impact future results of operations and cash flows.

Financial Instruments

The Company's financial instruments consist of cash, security deposits, amounts receivable, prepaid expenses, and accounts payable and accrued liabilities. The carrying values of cash, accounts receivable, security deposits, and accounts payable and accrued liabilities approximate their fair values because of the short maturity of these financial instruments.

Changes in Accounting Policies

In early 2005, the CICA issued new standards for Comprehensive Income (CICA 1530), Financial Instruments (CICA 3855) and Hedges (CICA 3865), which are effective for fiscal years beginning on or after October 1, 2006. The new standards bring Canadian rules more into line with current rules in the United States. These new standards do affect the Company at present and consequently a statement of comprehensive income is included in the Consolidated Statements of Loss, Comprehensive Income (Loss) and Deficit.

Section 1530 introduces the concept of comprehensive income, which includes net income and other comprehensive income. Other comprehensive income represents changes in shareholders' equity during a period arising from such items as unrealized foreign currency translation gains or losses arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale investments, and changes in the fair value of the effective portion of cash flow hedging instruments. The application of this new standard affected investment securities on the consolidated balance sheet. The result was an increase of $1,886 to *Investments* in current assets and to *Accumulated Other Comprehensive Income* in shareholders' equity.

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It also specifies how financial instrument gains and losses are to be presented. All financial instruments must be classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. Initial and subsequent recognition and measurement of changes in the value of financial instruments depends on their initial classification. The application of Section 3855 did have an impact on the Company's interim consolidated financial statements as the Company's investment securities have been designated as available-for-sale shares.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes, and specifies how hedge accounting is applied and what disclosures are necessary when it is applied. The application of Section 3865 did not have an impact on the Company's interim financial statements as there are no transactions which have been designated as hedges for accounting purposes.

Outstanding Share Data

As at December 31, 2007 there were 44,239,483 common shares outstanding.

Stock options outstanding as at December 31, 2007 and February 26, 2008:

Expiry Date	Exercise Price Per Share (Dec 31/07)	Number of Shares Remaining Subject to Options (Dec 31/07)	Exercise Price Per Share (Feb 26/08)	Number of Shares Remaining Subject to Options (Feb 26/08)
April 05, 2010	$ 0.10	1,490,000	$ 0.10	1,490,000
April 25, 2011	$ 0.21	925,000	$ 0.21	925,000
October 2, 2011	$ 0.10	275,000	$ 0.10	275,000
January 26, 2012	$0.18	100,000	$0.18	100,000
June 14, 2012	$0.35	200,000	$0.35	200,000
September 14, 2012	$0.35	175,000	$0.35	175,000
September 14, 2012	$0.50	50,000	$0.50	50,000
		3,215,000		3,215,000

Share purchase warrants outstanding as at December 31, 2007 and February 26, 2008:

Expiry Date	Exercise Price Per Share (Dec 31/07)	Number of Underlying Shares (Dec 31/07)	Exercise Price Per Share (Feb 26/08)	Number of Underlying Shares (Feb 26/08)
March 30, 2008	$0.40	487,572	$0.40	487,572
April 12, 2008	$0.15	6,895,000	$0.15	6,895,000
Nov. 17, 2008	$0.15	2,250,000	$0.15	2,250,000
		9,632,572		9,632,572

Commitment

On September 4, 2007, the Company entered into a corporate investor relations services agreement with Aspen Agency of London, England to direct an investor relations program throughout Europe, with a significant focus on the German equities market. The term of the agreement was for 16 weeks and USD$50,000 has been paid as of December 31, 2007. The agreement has expired and there is no further amounts payable.

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for evaluating the effectiveness of the Company's disclosure controls and procedures and have concluded, based on our evaluation, that they are effective as at December 31, 2007 to ensure that information required to be disclosed in reports filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified in those rules and regulations.

Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company assessed the design of the internal controls over financial reporting as at December 31, 2007 and concluded that there are material weaknesses in internal controls over financial reporting, which are as follows:

a) Due to the limited number of staff resources, the Company believes there are instances where a lack of segregation of duties exist to provide effective controls; and
b) Due to the limited number of staff resources, the Company may not have the necessary in-house knowledge to address complex accounting and tax issues that may arise.

The weaknesses and their related risks are not uncommon in a company the size of the Company because of limitations in size and number of staff. The Company believes it has taken initial steps to mitigate these risks by consulting outside advisors and involving the Audit Committee and Board of Directors in reviews and consultations where necessary. However, these weaknesses in internal controls over financial reporting could result in a more than remote likelihood that a material misstatement would not be prevented or detected. The Company believes that it must take additional steps to further mitigate these risks by consulting outside advisors on a more regular and timely basis.

There have been no changes in the Company's internal controls over financial reporting that occurred during the quarter ended December 31, 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Cautionary Statement

This MD&A is based on a review of the Company's operations, financial position and plans for the future based on facts and circumstances as of February 26, 2008. Except for historical information or statements of fact relating to the Company, this document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. These statements involve known and unknown risks, uncertainties, and other factor that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.