LEVON RESOURCES LTD.

(An Exploration Stage Company)

Interim Financial Statements

Nine Months Ended December 31, 2008
(Unaudited)

Notice to Readers: Under National Instrument 51-102, Part 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company and have not been reviewed by the Company's independent auditor.

LEVON RESOURCES LTD.
(An Exploration Stage Company)
Interim Balance Sheets
Canadian Funds

	December 31, 2008 *(unaudited)*	March 31, 2008
ASSETS		
Current		
Cash	$ 161,441	$ 221,330
Accounts receivable and prepaid expenses	12,196	43,166
Investments (Note 3)	9,123	31,065
Due from related party (Note 9)	5,564	5,564
	188,324	301,125
Security Deposits (Note 4)	31,317	31,317
Investment in and Expenditures on Resource Properties (Note 5)	1,352,560	1,365,721
Office Equipment (Note 7)	3,460	4,072
	$ 1,575,661	$ 1,702,235
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 30,784	$ 122,167
Due to related parties (Note 9)	119,672	77,257
	150,456	199,424
SHAREHOLDERS' EQUITY		
Capital Stock (Note 8)	22,798,243	22,620,793
Contributed Surplus	345,145	350,949
Accumulated Other Comprehensive Income	(20,350)	1,592
Deficit	(21,697,833)	(21,470,523)
	1,425,205	1,502,811
	$ 1,575,661	$ 1,702,235

Nature of Operations and Going-Concern (Note 1)
Commitments (Note 11)
Subsequent Events (Note 13)

Approved on behalf of the Board:

"Louis Wolfin"
….. Director
Louis Wolfin

"Ron Tremblay"
….. Director
Ron Tremblay

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

LEVON RESOURCES LTD.
(An Exploration Stage Company)
Interim Statements of Operations
Canadian Funds
(Unaudited)

	Three months ended December 31, 2008	Three months ended December 31, 2007	Nine months ended December 31, 2008	Nine months ended December 31, 2007
Expenses				
Consulting and management fees	$ 7,500	$ 7,500	$ 23,100	$ 22,500
Compliance listings and transfer agent fees	8,299	4,774	16,454	24,170
General exploration	24,956	-	30,156	8,255
Office occupancy and miscellaneous	6,063	12,859	22,277	29,640
Professional fees	1,176	21,969	11,456	34,799
Salaries and benefits	11,862	13,116	36,853	40,369
Shareholder relations and promotion	9,620	63,526	42,199	165,198
Stock-based compensation (Note 8(c))	-	3,324	6,646	32,203
Travel and automotive	8,783	35,772	44,847	88,180
Loss Before Other Items	(78,259)	(162,840)	(233,988)	(445,314)
Other Items				
Interest income	3,868	3,219	6,870	9,126
Foreign exchange gain	(165)	-	(192)	8,054
Net Loss for Period	$ (74,556)	$ (159,621)	$ (227,310)	$ (428,134)
Loss Per Share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
Weighted Average Number of Common Shares Outstanding	45,302,028	43,960,135	45,389,483	43,405,574

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

LEVON RESOURCES LTD.
(An Exploration Stage Company)
Interim Statements of Equity
Canadian Funds
(Unaudited)

	Number of Common Shares	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, March 31, 2007	40,784,483	22,160,953	319,015	(20,895,766)	-	1,584,202
Transitional adjustment for fair value of investments	-	-	-	-	7,853	7,853
Net loss for the year	-	-	-	(574,757)	-	(574,757)
Unrealized loss	-	-	-	-	(6,261)	(6,261)
Common shares issued for cash:						
Exercise of stock options (Note 8(b))	470,000	59,000	-	-	-	59,000
Exercise of warrants (Note 8(d))	2,985,000	358,500	-	-	-	358,500
Stock-based compensation	-	-	74,274	-	-	74,274
Stock-based compensation transfer to common shares on exercise of options	-	42,340	(42,340)	-	-	-
Balance, March 31, 2008	**44,239,483**	**$22,620,793**	**$350,949**	**($21,470,523)**	**$1,592**	**$1,502,811**
Net loss for the period	-	-	-	(227,310)	-	(227,310)
Unrealized income	-	-	-	-	(21,942)	(21,942)
Common shares issued for cash:						
Exercise of warrants (Note 8(d))	1,000,000	150,000	-	-	-	150,000
Exercise of stock options warrants (Note 8(b))	150,000	15,000	-	-	-	15,000
Stock-based compensation (Note 8(c))	-	-	6,646	-	-	6,646
Stock-based compensation transfer to common shares on exercise of options	-	12,450	(12,450)	-	-	-
Balance, December 31, 2008	**45,389,483**	**$22,798,243**	**$345,145**	**$(21,697,833)**	**$(20,350)**	**$1,425,205**

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

LEVON RESOURCES LTD.
(An Exploration Stage Company)
Interim Statements of Cash Flows
Canadian Funds
(Unaudited)

	Three months ended December 31, 2008	Three months ended December 31, 2007	Nine months ended December 31, 2008	Nine months ended December 31, 2007
Operating Activities				
Net loss	$ (74,556)	$ (159,621)	$ (227,310)	$ (428,134)
Items not involving cash				
Amortization	204	240	612	695
Stock-based compensation	-	3,324	6,646	43,223
	(74,352)	(156,057)	(220,052)	(384,216)
Changes in non-cash working capital items:				
Accounts receivable and prepaid expenses	3,122	24,789	30,970	(61,931)
Accounts payable and accrued liabilities	(16,207)	(55,717)	(91,383)	4,770
Due from related parties	33,810	68,786	42,415	66,261
Cash Used in Operating Activities	(53,627)	(118,199)	(238,050)	(375,116)
Investing Activities				
Investment in and expenditures on resource properties	17,071	(183,833)	13,161	(311,391)
Purchase of equipment	-	-	-	(700)
Security deposits	-	-	-	2,800
Cash Used in Investing Activities	17,071	(183,833)	13,161	(309,291)
Financing Activity				
Issue of capital stock for cash	-	85,000	165,000	417,500
Cash From Financing Activities	-	85,000	165,000	417,500
Decrease in Cash Position	(36,556)	(217,032)	(59,889)	(266,907)
Cash, Beginning of Period	197,997	578,724	221,330	628,599
Cash, End of Period	$ 161,441	$ 361,692	$ 161,441	$ 361,692

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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.

While these interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and on the basis of accounting principles applicable to a going-concern, which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business, there are conditions and events that cast substantial doubt on the validity of this assumption. At December 31, 2008, the Company had working capital of $37,868, which may not be sufficient to achieve its planned business objectives. The ability of the Company to fund its commitments and ongoing operations is dependent upon the ability of the Company to obtain additional equity financing to complete the exploration and development of its mineral properties and, ultimately, the attainment of profitable operations. Failure to continue as a going-concern would require restatement of assets and liabilities on a liquidation basis, which would differ materially from the going-concern basis. See also Note 13.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods of application as the audited financial statements of the Company for the year ended March 31, 2008 with the exception of new accounting standards in Note 2b.

b) Changes in Accounting Policies

<u>Capital Disclosures</u>

Effective April 1, 2008, the Company adopted CICA Section 1535, Capital Disclosure. This section requires the Company to include additional information in the notes to the financial statements about its capital and the manner in which it is managed.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents, receivables and current liabilities.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Changes in Accounting Policies (Continued)

Capital Disclosures (Continued)

cash and cash equivalents. Management reviews the capital structure on a regular basis to ensure that objectives are met.

Financial Instruments

Effective April 1, 2008, the Company adopted CICA Section 3862, Financial Instruments – Disclosure. This section requires disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and of the extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks.

i) Fair value of financial instruments

The Company's financial instruments consist of cash, accounts receivable and prepaid expenses, investments, security deposits, due to related parties, accounts payable and accrued liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair value because of the short term to maturity.

ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's cash and deposits are exposed to credit risk. The risk is low because the Company is maintaining its cash with highly rated financial institutions.

iii) Foreign exchange risk

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At this time, the Company has minimal exposure to foreign exchange as presently most of its business is in Canadian dollars.

iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash and deposits are currently held in highly liquid short-term investments and therefore management considers the interest rate risk to be minimal.

v) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company ensures that it has sufficient capital to meet short term financial obligations after taking into account its exploration obligations and cash on hand.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

b) Changes in Accounting Policies - continued

Going Concern

In April 2007, the CICA approved amendments to Handbook Section 1400, General Standards of Financial Statement Presentation. These amendments require management to assess an entity's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity's ability to continue as a gong concern, those uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. The standard was adopted by the Company effective April 1, 2008. See Note 1 to these interim financial statements for disclosure relating to this section.

c) Recent Canadian Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("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 IRFS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for the 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 transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Goodwill and Intangible Assets

The AcSB issued CIBC Handbook Section 3064, "Goodwill and Intangible Assets", which will replace Section 3062, "Goodwill and Intangible Assets". Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. This new section will be applicable to the Company's consolidated financial statements for the fiscal year beginning April 1, 2009. The Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements.

3. INVESTMENTS

	Number of Shares	Cost	Accumulated Unrealized Gains (Losses) of Shares	Fair Value Amount
Mill Bay Ventures Inc.				
(market $27,918, 2006 - $48,857)	348,978	$ 27,918	(20,938)	$ 6,980
Avino Silver & Gold Mines Ltd.				
(market $9,408, 2006 - $16,800)	4,200	1,554	588	2,142
Omega Equities Corp.,				
at nominal value	57,000	1	-	1
		$ 29,473	(20,350)	$ 9,123

Avino Silver & Gold Mines Ltd. (“Avino”) and Mill Bay Ventures Inc. (“Mill Bay”) have common directors with the Company.

As at December 31, 2008, the Company recognized a net $20,350 unrealized loss included in other comprehensive income on investment securities designated as available-for-sale. The shares of Mill Bay reflected a loss of $20,938 and the shares of Avino reflected a gain of $588. Fair value was determined using quoted market prices as at December 31, 2008.

4. SECURITY DEPOSITS

The security deposits are held by the Company's banks as a condition of various reclamation permits. The Company has a varying number of deposits on hand ranging from $1,000 to $6,000. Their maturity dates range from July 28, 2009 to January 12, 2010 and the interest rates range from 1.00% to 2.05%. It is management’s opinion that ARO cannot be determined at this time and, therefore, no liabilities have been recorded (Note 6).

5. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES

	Congress (Note 5(a))	Gold Bridge (Note 5(b))	Other (Note 5(c))	Total
Balance, March 31, 2007	$ 754,276	$ 248,819	$ 9,092	$ 1,012,187
Deferred exploration costs				
Assays	25,822	2,326	-	28,148
Assessment, permits and filing fees	3,214	-	-	3,214
Drafting and mapping	376	-	-	376
Drilling	159,506	1,436	-	160,942
General supplies and services	18,937	-	-	18,937
Geological and management	75,636	-	-	75,636
Geophysical	40,144	-	-	40,144
Mobilization and demobilization	580	-	-	580
Prospecting	18,594	-	-	18,594
Reclamation	6,334	-	-	6,334
Trenching	7,930	-	-	7,930
Wages and benefits	-	798	-	798
Cost recoveries	-	(8,099)	-	(8,099)
Balance, March 31, 2008	$ 1,111,349	$ 245,280	$ 9,092	$ 1,365,721

	Congress (Note 5(a))	Gold Bridge (Note 5(b))	Other (Note 5(c))	Total
Balance, March 31, 2008	$ 1,111,349	$ 245,280	$ 9,092	$ 1,365,721
Deferred exploration costs				
Assays	2,268	-	-	2,268
Assessment, permits and filing fees	(37,676)	-	-	(37,676)
Drilling and exploration	1,994			1,994
Maintenance – Security Facility	-	2,500	-	2,500
General supplies and services	90	-	-	90
Geological and management services	16,843	-	-	16,843
Metallurgical testing	819	-	-	819
Balance, December 31, 2008	$ 1,095,687	$ 247,780	$ 9,092	$ 1,352,559

5. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(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. The Company is working on updating this Joint Venture Agreement.

(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.

(c) Other claims include the Eagle ($1), Ruf and Norma Sass ($2) and Wayside ($9,089) as described below:

(i) 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.

(ii) 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 AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(ii) 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 a 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.

During the period, the Company and Coral Gold Resources Ltd. (“Coral”) announced they had entered into an exploration, development and mine operating agreement with Barrick Gold Exploration Inc. (“Barrick”), wherein Barrick is granted the option to acquire up to a 75% interest in Coral and Levon’s interests in the Norma Sass Property in Nevada consisting of 36 unpatented mining claims.

Under the terms of the agreement, Barrick may earn a 60% interest by incurring total exploration expenditures of at least US $3 million in annual installments by December 31, 2014. Barrick may earn an additional 10% (for an aggregate interest of 70%) by incurring an additional US $1.5 million by December 31, 2015. Barrick may earn an additional 5% (for an aggregate interest of 75%) by carrying CRI and Levon through to commercial production.

Alternatively, at the time of earning either its 60% or 70% interest, Barrick may be given the option to buy-out CRI’s and Levon’s joint interest by paying US $6 million and granting them a 2% net smelter returns royalty.

(iii) 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.

5. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

The investment in and expenditures on resource properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by an undetected defect.

6. ASSET RETIREMENT OBLIGATION

The Company is subject to various regulatory and statutory requirements relating to the protection of the environment. At December 31, 2008, the Company estimates that costs relating to future site restoration and abandonment based on work done to that date will be immaterial. The Company has currently made no provision for site restoration costs or potential environmental liabilities as all properties are still in the exploration stage. Factors such as further exploration, inflation and changes in technology may materially change the cost estimate.

The operations of the Company are complex, and regulations and legislation affecting the Company are continually changing. Although the ultimate impact of these matters on operating results cannot be determined at this time, it could be material for any one-quarter or year.

7. OFFICE EQUIPMENT

	December 31, 2008			**March 31, 2008**		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Furniture and equipment	$32,037	$28,577	$3,460	$32,037	$27,965	$4,072

8. CAPITAL STOCK

(a) Authorized: Unlimited common shares without par value

(b) Stock options

The Company established a stock option plan in 2004, under which it may grant stock options totaling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to regular employees and persons providing investor relation or consulting services up to a limit of 5% and 2%, respectively, of the Company's total number of issued and outstanding shares per year. The stock options are fully vestable on the date of grant, except those issued to persons providing investor relation services, which vest over a period of one year. The option price must be greater than or equal to the discounted market price on the grant date and the option expiry date cannot exceed five years after the grant date.

Details of the status of the Company's stock options as at December 31, 2008 and March 31, 2008 and changes during the period then ended are as follows:

As at of	**December 31, 2008**		**March 31, 2008**	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Options, beginning of period	3,215,000	$ 0.17	3,435,000	$ 0.14
Granted	-	$ -	425,000	$ 0.37
Exercised	(150,000)	$ 0.10	(470,000)	$ 0.13
Cancelled	(740,000)	$ 0.19	(175,000)	$ 0.10
Options outstanding end of period	2,325,000	$ 0.17	3,215,000	$ 0.17
Options exercisable end of period	2,325,000	$ 0.17	3,169,522	$ 0.17

8. CAPITAL STOCK (Continued)

(b) Stock options (Continued)

As at December 31, 2008 and March 31, 2008, the following share purchase options were outstanding:

Expiry Date	Exercise Price	Number of Options December 31, 2008	Number of Options March 31, 2008
April 5, 2010	$0.10	1,075,000	1,490,000
April 25, 2011	$0.21	675,000	925,000
October 2, 2011	$0.10	250,000	275,000
January 26, 2012	$0.18	25,000	100,000
June 14, 2012	$0.35	100,000	200,000
September 14, 2012	$0.35	150,000	175,000
September 14, 2012	$0.50	50,000	50,000
		2,325,000	3,215,000

(c) Stock-based compensation

Stock-based compensation expense is determined using the fair value method. The Company estimated this expense using the Black-Scholes option pricing model with the following weighted-average assumptions:

	December 31, 2008	**March 31, 2008**
Risk-free interest rate	4.48%	4.48%
Expected dividend yield	0	0
Expected stock price volatility	121.87%	121.87%
Expected option life in years	5	5

During the nine months ended December 31, 2008, the Company recorded stock-based compensation expense of $6,646 (December 31, 2007 - $43,223). Of this amount, $Nil (December 31, 2007 - $11,020) is included in additions in resource properties and $6,646 (December 31, 2007 - $32,203) is recorded as stock-based compensation expense.

8. CAPITAL STOCK (Continued)

(d) Share purchase warrants

A summary of the status of share purchase warrants as of December 31, 2008 and March 31, 2008 and changes during the periods ended on those dates is presented below:

	December 31, 2008		**March 31, 2008**	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Warrants outstanding and exercisable, beginning of period	9,145,000	$0.15	12,617,572	$0.13
Issued	-	-	-	-
Exercised	(1,000,000)	$0.15	(2,985,000)	$0.12
Expired	(8,145,000)	$0.15	(487,572)	$0.40
Warrants outstanding and exercisable, end of period	-	-	9,145,000	$0.15

As at December 31, 2008 and March 31, 2008, the following share purchase warrants were outstanding:

	Exercise	Number of Warrants	
Expiry Date	Price	**December 31, 2008**	**March 31, 2008**
April 12, 2008	$0.15	-	6,895,000
November 17, 2008	$0.15	-	2,250,000
		-	9,145,000

9. RELATED PARTY TRANSACTIONS

During the nine month period ended December 31, 2008:

(a) $68,414 (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;

(b) $22,500 (December 31, 2007 - $22,500) was paid for management fees to a private company controlled by a director and officer of the Company;

(c) $39,192 (December 31, 2007 - $10,048) was paid for geological management fees to a private company controlled by a director of the Company. Of this amount, $18,763 has been capitalized under resource properties and $20,429 was been expensed under general exploration;

9. RELATED PARTY TRANSACTIONS (Continued)

(d) $3,229 (December 31, 2007 - $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;

(e) $Nil (December 31, 2007 - $123,640) was charged to the Company for drilling services from ABC Drilling Services Inc. ("ABC Drilling"), a private drilling company owned by Oniva; and

(f) $Nil (December 31, 2007 - $32,826) was charged to the Company for exploration services from Bralorne Gold Mines Ltd. ("Bralorne"), 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's notice by either party.

The amount due from a related party consists of $5,564 (March 31, 2008 - $5,564) owing from ABC Drilling, which is the balance of an advance towards drilling services to be provided. Amounts due are without stated terms of interest or repayment.

Amounts due to related parties include $19,789 (March 31, 2008 - $21,999) owed to Oniva, $53,985 (March 31, 2008 - $53,985) owed to a public company related by way of common directors, and $45,898 (March 31, 2008 - $1,273) owed to private companies controlled by directors of the Company. Amounts due are without stated terms of interest or repayment.

10. SEGMENTED INFORMATION

The Company's operations are limited to one industry segment, being the acquisition, exploration and development of mineral properties. Specific information pertaining to the Company's mineral properties, which are all located in Canada, is disclosed in Note 5.

11. COMMITMENTS

During the year ended March 31, 2008, the Company entered into two vehicle lease agreements and is committed to vehicle lease payments of approximately $50,968. The leases expire between 2011 and 2012 and the commitments for the next four years are as follows:

2009	$4,867
2010	$19,469
2011	$11,163
2012	$ 867

12. COMPARATIVE FIGURES

Certain prior year comparative figures have been reclassified to conform to the financial statements presentation adopted for fiscal 2009.

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2008, the Company announced a Non-Brokered Private Placement of 5,000,000 units at a price of $0.05 per unit, each unit consisting of one common share and one non-transferrable share purchase warrant. Each warrant will entitle the investor to purchase one additional common share with a term of 2 years at an exercise price of $0.15 during the first year and $0.25 during the second year. The warrants will be subject to an acceleration clause which will require the warrants to be exercised earlier, depending on the market price of the shares. The Private Placement is subject to regulatory approval

Subsequent to December 31, 2008, the Company signed a Letter of Intent with Valley High Ventures (“Valley High”), whereby the Company will earn a 51% interest from Valley High by spending $1,250,000 Cdn. by the end of February 2013 with a first year commitment of $250,000 to explore and develop their wholly owned Cordero-Sanson Property in the state of Chihuahua in north central Mexico.

The following discussion and analysis of the results of operations and financial position of Levon Resources Ltd. (the "Company" or "Levon") should be read in conjunction with the Company's unaudited interim consolidated financial statements for the nine months ended December 31, 2008 and the audited financial statements for the year ended March 31, 2008.

This Management Discussion and Analysis ("MD&A") is dated February 25, 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

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 historic 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.

During 2008, the Company reopened the portal to the Goldbridge Tungsten mine and has been sampling the adit to determine future exploration.

In September 2008, the Company released the Congress Property, B.C. Drilling Summary Report including the 3M wide intercept grading of 0.395 ounces per ton. The drill holes tested part of the newly recognized Gun Creek dacite stock mapped in a northern part of the property for bulk tonnage gold deposits. Three angle core holes (1,048m total) confirm the presence of Au beneath gold showings prospected at the surface, which are associated with veins and veined zones. Such vein zones have been explored and mined at the Congress and Howard mines in the past. The holes confirm that the surface stockwork vein mineralized zones discovered by prospecting dacite porphyry dikes and sills, narrow down dip and along strike in the vicinity of the holes.

Industry standard core sampling procedures and quality control measures were applied to the core and the core samples. The samples were boxed and shipped via UPS to Acme Analytical Laboratory Ltd. in Vancouver for analysis. Acme Labs completed the 42 element mass spectrometry ICP analysis and Au on all the samples, any samples which returned >1ppm Au were fire assayed from a 30 gram pulp with a gravimetric finish.

The highest quality gold intercept cut in the holes is associated with veined zones 3 m wide grading 0.395 ounces per ton Au, (from 41 to 44 m hole depths*).* This intercept is associated with vein quartz and disseminated Pyrite, Arseno Pyrite, Stibnite, Serecite, Carbonate altered Greenstone pillow basalt of the metamorphosed host rock sequence.

High grade vein potential and stockwork, bulk tonnage gold potential remain to be tested in the vicinity of the best intercept, and within the Gun Creek stock and its contact zone to the east of the 2007 drill holes.

In October 2008, the Company and Coral Gold Resources Ltd.'s wholly-owned U.S. subsidiary, Coral Resources, Inc. ("CRI") entered into an exploration, development and mine operating agreement (the "Agreement") with Barrick Gold Exploration Inc. ("Barrick"), wherein Barrick is granted the option to acquire up to a 75% interest in CRI's and the Company's interests in the Norma Sass Property, Nevada, consisting of 36 unpatented mining claims.

Barrick may earn a 60% interest by incurring total exploration expenditures of at least US $3 million in annual installments by December 31, 2014. Barrick may earn an additional 10% (for an aggregate interest of 70%) by incurring an additional US $1.5 million by December 31, 2015. Barrick may earn an additional 5% (for an aggregate interest of 75%) by carrying CRI and the Company through to commercial production.

Alternatively, at the time of earning either its 60% or 70% interest, Barrick may be given the option to buy-out CRI's and the Company's joint interest by paying US $6 million and granting them a 2% net smelter returns royalty.

In February 2009, the Company signed a Letter of Intent with Valley High Ventures ("Valley High"), whereby Levon will earn a 51% interest from Valley High by spending $1,250,000 Cdn. by the end of February 2013 with a first year commitment of $250,000 to explore and develop their wholly owned Cordero-Sanson Property ("Cordero") 37 km northeast of the town of Hidalgo Del Parral, in the state of Chihuahua in north central Mexico.

Cordero encompasses a high level, porphyry style silver, gold, lead, zinc, and molybdenum district located in rolling cattle country and accessed by state highways. A nearby rail head serves the mining district at Hidalgo Del Parral. Cordero is one of several major porphyry plays within an emerging Chihuahua-Zactatecas porphyry belt which includes Penasquito (Gold Corp), Camino Rojo (Canplats), San Agustin (Geologix) and others.

In addition to the Company's current assets, market conditions have provided numerous opportunities which management has been reviewing. The potential for the upcoming year looks favourable and the Company will announce developments as they occur.

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, 2008 compared with the three months ended December 31, 2007

General and administrative expenses

General and administrative expenses totaled $78,259 for the three months ended December 31, 2008 as compared to $162,840 for the three months ended December 31, 2007, a decrease of $84,581. Cost decreases in the current period included $3,324 in stock based compensation, $53,906 in shareholder relations and promotion, $26,989 in travel and automotive, $6,796 in office occupancy, $20,793 in professional fees and $1,254 in salaries and benefits. Offsetting these decreases in the current quarter are increases of $24,956 in general exploration and $3,525 in compliance listings and transfer agent fees.

Stock based compensation expense was lower in the current year as there were stock options granted in the second quarter of 2007 as compared to nil in the same period in 2008. Current period stock based compensation expense is associated with vesting of stock options. General exploration fees are higher due to the Company seeking investment property opportunities. Professional fees in the prior year comparative quarter were higher due to legal fees; the current year has seen a reduction in the necessity of these costs. Transfer agent fees were higher in the current period as the Company incurred higher costs associated with changing their transfer agent. Future costs are expected to decrease. The Company engaged in more investor relation and promotion activities during the second quarter of 2007 which lead to the higher costs recorded in shareholder relations and travel and automotive in the comparative period.

Loss for the period

Loss for the three months ended December 31, 2008 was $74,556 compared to a loss of $159,621 for the three months ended December 31, 2007, a decrease of $85,065. The main reason for this decrease was the decrease of $84,581 in general and administrative expenses as discussed above. In addition, interest income is generally lower over the prior year due to a decrease in the Company's cash balance; however in the current period, interest income was higher by $649 over the same period in 2007 as the Company received interest with the refund of their prior year's Mining Exploration Tax Credits.

Nine months ended December 31, 2008 compared with the nine months ended December 31, 2007

General and administrative expenses

General and administrative expenses totaled $233,988 for the nine months ended December 31, 2008 with a comparative total of $445,314 for the nine months ended December 31, 2007, a decrease of $211,326. Cost decreases in the current period included $25,557 in stock based compensation, $122,999 in shareholder relations and promotion, $23,343 in professional fees, $7,716 in compliance listings and transfer agent fees, $43,333 in travel and automotive, $3,516 in salaries and benefits, and $7,363 in office occupancy. Partially offsetting these decreases in the current period are cost increases of $600 in consulting and management fees and $21,901 in general exploration.

Stock based compensation expense, general exploration, professional fees, shareholder relations and promotion, and travel and automotive were lower in the current period as compared to the same period in 2007 for reasons discussed in the three month comparative above. Compliance listings and transfer agent fees were higher in 2007 due to a large volume of TSX filings.

Loss for the period

Loss for the nine months ended December 31, 2008 was $227,310 compared to a loss of $428,134 for the nine months ended December 31, 2007, a decrease of $200,824. The main reason for this change was the decrease of $211,326 in general and administrative expenses as discussed above. Reducing this effect was a decline of $2,256 in interest income, due to a lower cash balance and $8,246 in foreign exchange gain.

Summary of Quarterly Results

Period ended	Dec. 31 2008 Q3	Sept 30 2008 Q2	Jun 30 2008 Q1	Mar 31 2008 Q4	Dec.31 2007 Q3	Sep.30 2007 Q2	June 30 2007 Q1	Mar. 31 2007 Q4
Loss before other items	(78,259)	(94,167)	(61,562)	(592,925)	(162,840)	(198,831)	(83,643)	(173,540)
Net Income (Loss)	(74,556)	(92,691)	(60,063)	(574,757)	(159,621)	(187,489)	(81,024)	4,057
Basic Loss per Share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Liquidity and Capital Resources

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, 2008 the Company had working capital of $37,868.

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 since that fiscal year end. However, during the current year there has been $15,000 raised through the exercising of warrants and $150,000 through the exercising of stock options. The Company has met its flow-through expenditure obligations as of December 31, 2007.

Subsequent to December 31, 2008, the Company has arranged a Non-Brokered Private Placement of 5,000,000 units at a price of $0.05 per unit, each unit consisting of one common share and one non-transferrable share purchase warrant. Each warrant will entitle the investor to purchase one additional common share with a term of 2 years at an exercise price of $0.15 during the first year and $0.25 during the second year. The warrants will be subject to an acceleration clause which will require the warrants to be exercised earlier, depending on the market price of the shares. This Private Placement is subject to regulatory approval.

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 months ended December 31, 2008, the Company paid, or made provision for the future payment of the following amounts to related parties:

- $68,414 (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;
- $22,500 (2007 - $22,500) was paid for management fees to a private company controlled by a director and officer of the Company;
- $39,192 (December 31, 2007 - $10,048) was paid for geological management fees to a private company controlled by a director of the Company. Of this amount, $18,763 has been capitalized under resource properties and $20,429 was been expensed under general exploration;
- $3,229 (2007 - $5,580) was charged to the Company for exploration costs associated with the Company's mineral properties in the State of Nevada from 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 as at December 31, 2008 include:

- $19,789 (March 31, 2008 - $21,999) owed to Oniva;
- $53,985 (March 31, 2008 - $53,985) owed to a public company related by way of common directors;
- $45,898 (March 31, 2008 - $1,273) owed to private companies controlled by directors of the Company.

Amounts due are without stated terms of interest or repayment.

Disclosure of Management Compensation

During the nine month period ended December 31, 2008 $22,500 was paid to a Company controlled by the President for services as director and officer of the Company; $5,744 was paid to the Secretary for services as an officer of the Company; and $7,824 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, accounts receivable, investments, accounts payable and accrued liabilities, and due to related parties. The carrying values of these financial instruments approximate their fair values because of the short maturity of these financial instruments.

Recent Canadian Accounting Pronouncements

Effective April 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These accounting policy changes were adopted on a retrospective basis with no restatement of prior period financial statements:

i) Capital Disclosure

The Company adopted CICA Section 1535, Capital Disclosure. This section requires the Company to include additional information in the notes to the financial statements about its capital and the manner in which it is managed. See Note 3(b) to these interim consolidated financial statements for disclosure relating to this section.

ii) Financial Instruments - Disclosure

Effective April 1, 2008, the Company adopted CICA Section 3862, Financial Instruments – Disclosure. This section requires disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and of the extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. See Note 3(a) to these interim financial statements for disclosure relating to this section.

iii) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("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 IRFS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for the 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 transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Outstanding Share Data

As at December 31, 2008 and February 25, 2009 there were 45,389,483 common shares outstanding.

Stock options outstanding as at December 31, 2008 and February 25, 2009:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (Dec 31/08)	Number of Shares Remaining Subject to Options (Feb 25/09)
April 05, 2010	$ 0.10	1,075,000	1,075,000
April 25, 2011	$ 0.21	675,000	675,000
October 2, 2011	$ 0.10	250,000	250,000
January 26, 2012	$0.18	25,000	25,000
June 14, 2012	$0.35	100,000	100,000
September 14, 2012	$0.35	150,000	150,000
September 14, 2012	$0.50	50,000	50,000
		2,325,000	2,325,000

Share purchase warrants outstanding as at December 31, 2008 and February 25, 2009:

Expiry Date	Exercise Price Per Share	Number of Underlying Shares (Dec. 31/08)	Number of Underlying Shares (Feb. 25/09)
		Nil	Nil

Commitment

The Company has entered into two vehicle lease agreements. The leases expire between 2011 and 2012 and the future obligations are as follows:

	Amount
2009	$4,867
2010	$19,469
2011	$11,163
2012	$867

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, 2008 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, 2008 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 period ended December 31, 2008 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 25, 2009. 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.