CONTINENTAL PRECIOUS MINERALS INC.
(A DEVELOPMENT STAGE COMPANY)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 29, 2008

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Management’s Responsibility for Financial Reporting

The accompanying unaudited interim consolidated financial statements of Continental Precious Minerals Inc. were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the May 31, 2007 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these unaudited interim consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the period end unaudited interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the period end unaudited interim consolidated financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the period end unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the period end unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 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 consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Continental Precious Minerals Inc.
(A Development Stage Company)
Interim Consolidated Balance Sheets
(Expressed in Canadian Dollars)
(Prepared by Management - Unaudited)

	February 29, 2008	May 31, 2007
Assets		
Current assets		
Cash and cash equivalents	**$ 365,974**	$ 6,782,661
Marketable securities	**43,341**	62,927
Short-term investments	**30,430,313**	25,829,408
Accounts receivable	**10,645**	20,531
Prepaid expenses	**20,160**	108,886
	30,870,433	32,804,413
Mineral properties	**6,602,580**	2,199,268
Technology licence	**80,000**	80,000
	$ 37,553,013	$ 35,083,681
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 1,069,185**	$ 269,301
Shareholders' Equity		
Share capital (Note 3(b))	**30,234,164**	26,644,380
Warrants (Note 3(c))	**12,497,485**	13,855,304
Contributed surplus (Note 3(d))	**10,046,240**	5,858,629
Deficit	**(16,290,492)**	(11,543,933)
Accumulated other comprehensive loss	**(3,569)**	-
	36,483,828	34,814,380
	$ 37,553,013	$ 35,083,681

Nature of Operations (Note 1)
Contingency (Note 7)
Commitment (Note 8)
Subsequent events (Note 10)

Approved on Behalf of the Board:

"Edward Godin"
Director

"Patricia Sheahan"
Director

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

Continental Precious Minerals Inc.

(A Development Stage Company)

Interim Consolidated Statements of Loss
(Expressed in Canadian Dollars)
(Prepared by Management - Unaudited)

	Three Months Ended February 29, **2008**	Three Months Ended February 28, 2007	Nine Months Ended February 29, **2008**	Nine Months Ended February 28, 2007	Cumulative since inception of Uranium project ("March 21, 2005 to February 29, 2008")
Expenses					
Stock-option compensation (Note 3(d))	**$ 292,875**	$ 1,517,062	**$ 4,219,076**	$ 2,452,830	$ 10,192,851
Travel and business development	**205,443**	172,779	**666,887**	355,114	1,386,468
Professional fees	**20,505**	1,235	**255,814**	90,820	460,456
Director fees (Note 5)	**36,000**	65,265	**131,750**	113,020	350,500
Management compensation (Note 5)	**37,740**	38,639	**109,740**	96,134	494,010
Office and general	**37,061**	16,399	**92,289**	53,556	239,472
Consulting fees	**52,750**	5,500	**190,750**	177,750	340,750
Shareholder relations	**4,450**	4,246	**47,731**	35,540	125,870
Stock exchange fees	**21,445**	194,852	**10,913**	196,452	238,227
Transfer agent fees	**9,022**	11,527	**21,904**	53,834	118,759
	717,291	2,027,504	**5,746,854**	3,625,050	13,947,363
Net operating loss before the following:	**(717,291)**	(2,027,504)	**(5,746,854)**	(3,625,050)	(13,947,363)
Interest and other income	**319,960**	240,971	**974,085**	410,647	1,680,931
Recovery of management fees	**-**	-	**-**	-	(105,000)
Gain on sale of marketable securities	**-**	-	**26,210**	-	31,408
Gain on sale of subsidiary	**-**	-	**-**	-	100
Write-down of marketable securities	**-**	-	**-**	-	(12,825)
Write-off of investment in Ekwan Technology Corporation	**-**	-	**-**	-	130,439
	319,960	240,971	**1,000,295**	410,647	1,725,053
Net loss for the period	**$ (397,331)**	$ (1,786,533)	**$ (4,746,559)**	$ (3,214,403)	$ (12,222,310)
Loss per share (Note 4)					
Basic and diluted	**$ (0.01)**	$ (0.04)	**$ (0.10)**	$ (0.10)	

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

Continental Precious Minerals Inc.

(A Development Stage Company)

Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Prepared by Management - Unaudited)

	Three Months Ended February 29, 2008	Nine Months Ended February 29, 2008	Cumulative since inception of Uranium project ("March 21, 2005 to February 29, 2008")
Net loss for the period	**$ (397,331)**	**$ (4,746,559)**	$ (12,222,310)
Other comprehensive loss			
Net unrealized loss on available-for-sale marketable securities	**(3,872)**	**(29,942)**	(29,942)
Reclassification of gain on available-for-sale marketable securities	**-**	**(4,725)**	(4,725)
Total comprehensive loss	**$ (401,203)**	**$ (4,781,226)**	$ (12,256,977)

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

Continental Precious Minerals Inc.

(A Development Stage Company)

Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Prepared by Management - Unaudited)

	Three Months Ended February 29, **2008**	Three Months Ended February 28, 2007	Nine Months Ended February 29, **2008**	Nine Months Ended February 28, 2007	Cumulative since inception of Uranium project ("March 21, 2005 to February 29, 2008")
Cash and cash equivalents (used in) provided by:					
Operating activities:					
Net loss	**$ (397,331)**	$ (1,786,533)	**$ (4,746,559)**	$ (3,214,403)	$ (12,222,310)
Adjustments for non-cash items:					
Stock-option compensation (Note 3(d))	**292,875**	1,517,062	**4,219,076**	2,452,830	10,192,851
Write-down of marketable securities	**-**	-	**-**	-	12,825
Gain on sale of marketable securities	**-**	-	**(26,210)**	-	(31,408)
Gain on sale of subsidiary	**-**	-	**-**	-	(100)
Write-off of investment in Ekwan Technology Corporation	**-**	-	**-**	-	(130,439)
Changes in non-cash working capital balances:					
Accounts receivable	**7,125**	(17,819)	**9,886**	(35,124)	102,122
Prepaid expenses	**7,560**	(94,235)	**88,726**	(114,040)	(20,160)
Accounts payable and accrued liabilities	**609,930**	(455,649)	**799,884**	166,067	1,062,448
	520,159	(837,174)	**344,803**	(744,670)	(1,034,171)
Investing activities:					
Purchase of marketable securities	**(134)**	(129)	**(408)**	(381)	(1,643)
Short-term investments	**205,818**	-	**(4,600,905)**	-	(30,430,313)
Expenditures on mineral properties	**(1,841,911)**	(433,529)	**(4,403,312)**	(1,257,998)	(6,560,579)
Proceeds on sale of marketable securities	**-**	-	**42,635**	-	42,635
Proceeds on sale of subsidiary	**-**	-	**-**	-	100
	(1,636,227)	(433,658)	**(8,961,990)**	(1,258,379)	(36,949,800)
Financing activities:					
Proceeds from issuance of share capital (net of share issue costs)	**$ -**	$ 958,295	**$ 2,200,500**	$ 16,607,359	$ 38,147,986

Continental Precious Minerals Inc.

(A Development Stage Company)

Interim Consolidated Statements of Cash Flows (Continued)

(Expressed in Canadian Dollars)

(Prepared by Management - Unaudited)

	Three Months Ended February 29, **2008**	Three Months Ended February 28, 2007	Nine Months Ended February 29, **2008**	Nine Months Ended February 28, 2007	Cumulative since inception of Uranium project ("March 21, 2005 to February 29, 2008")
Change in cash and cash equivalents during the period	**$ (1,116,068)**	$ (312,537)	**$ (6,416,687)**	$ 14,604,310	$ 164,015
Cash and cash equivalents, beginning of period	**1,482,042**	27,814,871	**6,782,661**	12,898,024	201,959
Cash and cash equivalents, end of period	**$ 365,974**	$ 27,502,334	**$ 365,974**	$ 27,502,334	$ 365,974
Cash and cash equivalents consist of:					
Cash	**$ 365,974**	$ 1,946,930	**$ 365,974**	$ 1,946,930	$ 365,974
Short-term investments	**-**	25,555,404	**-**	25,555,404	-
	$ 365,974	$ 27,502,334	**$ 365,974**	$ 27,502,334	$ 365,974
Supplemental schedule of non-cash transactions					
Shares issued as part of the acquisition of mineral properties	**$ -**	$ -	**$ -**	$ -	$ 42,000
Shares issued as part of the acquisition of technology licence	**$ -**	$ -	**$ -**	$ 80,000	$ 80,000

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

Continental Precious Minerals Inc.

(A Development Stage Company)

Interim Consolidated Statements of Shareholders' Equity
(Expressed in Canadian Dollars)
(Prepared by Management - Unaudited)

	Three Months Ended February 29, **2008**	Three Months Ended February 28, 2007	Nine Months Ended February 29, **2008**	Nine Months Ended February 28, 2007	Cumulative since inception of Uranium project ("March 21, 2005 to February 29, 2008")
Share Capital					
Balance, beginning of period	**$ 30,234,164**	$ 15,142,675	**$ 26,644,380**	$ 6,257,752	$ 4,571,479
Private placements	**-**	-	**-**	15,999,998	29,024,998
Fair value of warrants issued	**-**	-	**-**	(6,338,462)	(17,659,855)
Finder's fee on private placement	**-**	-	**-**	-	198,000
Exercise of options	**-**	61,769	**33,500**	71,352	230,225
Fair value of options exercised	**-**	28,132	**31,465**	34,790	169,258
Exercise of warrants	**-**	939,000	**2,167,000**	2,109,000	11,168,958
Fair value of warrants exercised	**-**	658,835	**1,357,819**	1,301,010	6,918,111
License payments on properties	**-**	-	**-**	80,000	122,000
Cost of issue: cash	**-**	(42,474)	**-**	(1,572,991)	(2,554,295)
Cost of issue: non-cash items	**-**	-	**-**	(1,154,512)	(1,954,715)
Balance, end of period	**$ 30,234,164**	$ 16,787,937	**$ 30,234,164**	$ 16,787,937	$ 30,234,164
Warrants					
Balance, beginning of period	**$ 12,497,485**	$ 18,443,504	**$ 13,855,304**	$ 11,593,679	$ -
Fair value of warrants issued	**-**	-	**-**	7,492,974	19,614,570
Fair value of warrants exercised	**-**	(658,835)	**(1,357,819)**	(1,301,010)	(7,116,111)
Fair value of warrants expired	**-**	-	**-**	(974)	(974)
Balance, end of period	**$ 12,497,485**	$ 17,784,669	**$ 12,497,485**	$ 17,784,669	$ 12,497,485
Contributed Surplus					
Balance, beginning of period	**$ 9,753,365**	$ 1,614,931	**$ 5,858,629**	$ 684,846	$ 37,607
Fair value of options expensed	**292,875**	1,517,061	**4,219,076**	2,452,830	10,176,917
Fair value of warrants expired	**-**	-	**-**	974	974
Fair value of options exercised	**-**	(28,132)	**(31,465)**	(34,790)	(169,258)
Balance, end of period	**$ 10,046,240**	$ 3,103,860	**$ 10,046,240**	$ 3,103,860	$ 10,046,240
Deficit					
Balance, beginning of period	**$ (15,893,161)**	$ (6,708,723)	**$ (11,543,933)**	$ (5,280,853)	$ (4,068,182)
Net loss for period	**(397,331)**	(1,786,533)	**(4,746,559)**	(3,214,403)	(12,222,310)
Balance, end period	**$ (16,290,492)**	$ (8,495,256)	**$ (16,290,492)**	$ (8,495,256)	$ (16,290,492)

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

Continental Precious Minerals Inc.

(A Development Stage Company)

Interim Consolidated Statements of Shareholders' Equity (Continued)
(Expressed in Canadian Dollars)
(Prepared by Management - Unaudited)

	Three Months Ended February 29, **2008**	Three Months Ended February 28, 2007	Nine Months Ended February 29, **2008**	Nine Months Ended February 28, 2007	Cumulative since inception of Uranium project ("March 21, 2005 to February 29, 2008")
Accumulated Other Comprehensive Loss					
Balance, beginning of period	**$ 303**		**$ -**		$ -
Cumulative transition adjustment**	**-**		**31,098**		31,098
Net unrealized loss on available-for-sale marketable securities	**(3,872)**		**(29,942)**		(29,942)
Reclassification of gain on available-for-sale marketable securities	**-**		**(4,725)**		(4,725)
Balance, end of period	**$ (3,569)**		**$ (3,569)**		$ (3,569)
Total Shareholders' Equity	**$ 36,483,828**	$ 29,181,210	**$ 36,483,828**	$ 29,181,210	$ 36,483,828

*** Transition adjustment relates to the adoption of the new accounting standards pertaining to financial instruments; see Note 2 for details.*

Continental Precious Minerals Inc.

(A Development Stage Company)

Interim Consolidated Statements of Mineral Properties

(Expressed in Canadian Dollars)

(Prepared by Management - Unaudited)

	Three Months Ended February 29, **2008**	Three Months Ended February 28, 2007	Nine Months Ended February 29, **2008**	Nine Months Ended February 28, 2007	Cumulative since inception of Uranium project ("March 21, 2005 to February 29, 2008")
Sweden Uranium Project**					
Balance, beginning of period	**$ 4,760,669**	$ 1,244,438	**$ 2,199,268**	$ 339,969	$ -
Drilling	**875,759**	141,069	**1,705,358**	612,283	2,574,814
Consulting	**317,991**	106,795	**956,501**	173,606	1,421,490
Geology	**31,623**	-	**598,259**	33,400	631,659
Geophysics	**-**	-	**16,352**	-	16,352
Professional fees	**11,413**	6,432	**24,000**	30,619	97,774
Data management	**-**	-	**4,320**	23,760	28,080
Assays, maps and reports	**132,559**	55,222	**305,842**	55,916	370,165
Equipment	**-**	-	**-**	-	33,750
Transportation	**76,570**	-	**165,691**	1,189	166,881
Travel and meals	**76,215**	1,069	**106,903**	16,287	136,774
Acquiring data, selecting targets, map preparation and landowner data	**33,462**	-	**77,702**	68,599	255,685
Licence acquisition and holding costs***	**143,858**	47,130	**177,489**	236,180	598,244
General	**142,461**	(4,188)	**264,895**	6,159	270,912
	1,841,911	353,529	**4,403,312**	1,257,998	6,602,580
Balance, end of period	**$ 6,602,580**	$ 1,597,967	**$ 6,602,580**	$ 1,597,967	$ 6,602,580

** *For a description of the above noted property, please refer to Note 6 of the May 31, 2007 audited consolidated financial statements.*

*** *Adjusted for re-classification of costs to other categories*

1. Nature of Operations

Continental Precious Minerals Inc. (“Continental” or the “Company”) is a reporting issuer that trades on the Toronto Stock Exchange, under the Symbol “CZQ”. The Company was amalgamated with Fin Resources Inc. under the laws of the Province of Ontario, Canada by Articles of Amalgamation dated July 7, 1987. Since amalgamation, Continental's main business focus had been in the natural resource industry which included portfolio investments in common shares of other companies involved in exploration, development and production of natural resources. As of March 21, 2005, the Company changed its main business focus to acquiring and exploring Uranium mineral properties. To date, Continental has not earned revenues from its mineral exploration interests. As such, the Company has applied Accounting Guideline 11 "Enterprises in the Development Stage", issued by the Canadian Institute of Chartered Accountants ("CICA") from March 21, 2005 onwards.

The recoverability of exploration and development expenditures is dependent upon the discovery of economically recoverable reserves, the preservation of the Company's interest in the underlying mineral claims, the ability to obtain necessary financing, obtain government approval and attain profitable production, or alternatively, upon the Company's ability to dispose of its interest on an advantageous basis. Changes in future conditions could require material write-downs of the carrying amounts of deferred exploration expenditures.

2. Basis of Presentation and Accounting Policies

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine month periods ended February 29, 2008 may not necessarily be indicative of the results that may be expected for the year ending May 31, 2008.

The consolidated balance sheet at May 31, 2007 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual consolidated financial statements for the year ended May 31, 2007. For further information, refer to the consolidated financial statements and notes thereto included in the Company's annual consolidated financial statements for the year ended May 31, 2007.

Accounting Changes

In July 2006, the Accounting Standards Board ("AcSB") issued a replacement of the CICA Handbook Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

2. Basis of Presentation and Accounting Policies (Continued)

Financial Instruments, Comprehensive Income and Hedges

The Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855, “Financial Instruments – Recognition and Measurement”, 1530, “Comprehensive Income”, 3861 "Financial Instruments - Disclosure and Presentation" and 3865, “Hedges”. These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis; accordingly, comparative amounts for prior periods have not been restated. The Company has adopted these new standards effective June 1, 2007.

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated except for the requirement to restate currency translation adjustment as part of other comprehensive income. Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 “Hedging Relationships”, and the hedging guidance in Section 1650 “Foreign Currency Translation” by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Under adoption of these new standards, the Company designated its cash and cash equivalents and short-term investments as held-for-trading, which are measured at fair value. The Company's marketable securities are designated as available-for-sale and are presented at market value with the gain or loss realized in the accumulated other comprehensive income. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

2. Basis of Presentation and Accounting Policies (Continued)

Financial Instruments, Comprehensive Income and Hedges (Continued)

Impact upon adoption of sections 1530, 3855 and 3865

The Company has recorded the following transition adjustments in its consolidated financial statements as at June 1, 2007 resulting from the adoption of sections 1530 and 3855:

i) an increase of $31,098, representing a fair value adjustment to the value of marketable securities;
ii) an increase in accumulated other comprehensive income of $31,098, representing the fair value adjustment to the value of marketable securities, net of taxes of $5,616 and a recovery of non-capital loss carryforwards amounting to $5,616.

The Company has evaluated the impact of sections 3861 and 3865 on its consolidated financial statements and determined that no adjustments are currently required.

Accounting Policy Choice for Transaction Costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No.166, Accounting Policy Choice for Transaction Costs (EIC-166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice to be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective November 30, 2007 which requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement. The Company has evaluated the impact of EIC-166 and determined that no adjustments are currently required.

Future Accounting Changes

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards are effective for interim and annual financial statements for the Company's reporting period beginning on June 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

(Expressed in Canadian Dollars)

2. Basis of Presentation and Accounting Policies (Continued)

Future Accounting Changes (Continued)

International Financial Reporting Standards [“IFRS”]

In January 2006, the CICA’s Accounting Standards Board ["AcSB"] formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability ["PAEs"]. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. A calendar year end public company will be required to have prepared, in time for its first quarter 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010.

The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

3. Share Capital

(a) Authorized

Unlimited number of Class A preference shares
Class A Preference shares are issuable in one or more series, the terms of which are subject to the discretion of the directors at the date of issuance.

Unlimited number of Common shares

(b) Issued

	Number of Common Shares	Stated Value
Balance, May 31, 2007	45,698,186	$ 26,644,380
Exercise of warrants	1,631,143	2,167,000
Fair market valuation on exercise of warrants	-	1,357,819
Exercise of stock options	55,000	33,500
Fair market valuation on exercise of stock options	-	31,465
Balance, February 29, 2008	**47,384,329**	**$ 30,234,164**

(Expressed in Canadian Dollars)

3. Share Capital (Continued)

(c) Warrants

The following summarizes the warrant activity for the period:

	Number of Warrants	Weighted Average Price
Balance, May 31, 2007	16,514,603	$ 1.30
Exercised	(1,631,143)	(1.33)
Balance, February 29, 2008	**14,883,460**	**$ 1.30**

As of February 29, 2008, the following warrants were outstanding:

Expiry Date	Number	Exercise Price	Black-Scholes Value
March 29, 2008	54,415	$ 0.75	$ 39,507
April 17, 2008	1,025,000	1.20	804,625
May 11, 2008	137,585	0.75	91,907
May 11, 2008	64,000	0.90	51,264
May 11, 2008	1,675,000	1.20	1,314,875
November 28, 2008	984,997	1.30	1,014,547
November 28, 2008	4,942,463	1.75	4,889,156
March 29, 2009	2,560,378	1.00	1,846,033
May 11, 2009	3,439,622	1.00	2,445,571
	14,883,460	**$ 1.30**	**$ 12,497,485**

(d) Stock Options and Contributed Surplus

The continuity of outstanding options for the purchase of common shares of the Company is as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, May 31, 2007	4,306,516	$ 1.79
Granted (i) (ii) (iii)	1,480,000	2.27
Exercised	(55,000)	(0.61)
Balance, February 29, 2008	**5,731,516**	**$ 1.93**

(Expressed in Canadian Dollars)

3. Share Capital (Continued)

(d) Stock Options and Contributed Surplus (Continued)

As of February 29, 2008, the following stock options were outstanding:

	Options Outstanding			Options Exercisable	
Expiry Date	**Number of options**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
March 10, 2010	239,016	2.03	$ 0.19	239,016	$ 0.19
April 12, 2010	40,000	2.11	0.25	40,000	0.25
October 7, 2010	172,500	2.60	0.90	172,500	0.90
April 25, 2011	800,000	3.15	2.15	800,000	2.15
July 7, 2011	100,000	3.35	2.76	100,000	2.76
July 19, 2011	250,000	3.38	2.78	250,000	2.78
December 7, 2011	2,050,000	3.77	1.80	1,537,500	1.80
December 8, 2011	300,000	3.77	1.83	225,000	1.83
December 13, 2011	300,000	3.78	1.81	225,000	1.81
June 4, 2010	200,000	2.26	2.93	150,000	2.93
June 25, 2010	50,000	2.32	2.55	25,000	2.55
October 22, 2012	1,230,000	4.65	2.15	1,230,000	2.15
	5,731,516	**3.66**	**$ 1.93**	**4,994,016**	**$ 1.93**

(i) On June 4, 2007 the Company granted 200,000 stock options to a consultant exercisable at $2.93 per share for three years from the date of the grant. The fair value of the options was estimated using the Black-Scholes pricing option model. The assumptions used for the valuation of these options were: dividend yield of 0%; expected average volatility of 164%; risk-free interest rate of 4.6% and an expected average life of 3 years. Value assigned to the 200,000 options is $495,600.

(ii) On June 25, 2007 the Company granted 50,000 stock options to a consultant exercisable at $2.55 per share for three years from the date of the grant. The fair value of the options was estimated using the Black-Scholes pricing option model. The assumptions used for the valuation of these options were: dividend yield of 0%; expected average volatility of 162%; risk-free interest rate of 4.68% and an expected average life of 3 years. Value assigned to the 50,000 options is $108,450.

(Expressed in Canadian Dollars)

3. Share Capital (Continued)

(d) Stock Options and Contributed Surplus (Continued)

(iii) On October 22, 2007 the Company granted 1,230,000 stock options to a consultant exercisable at $2.15 per share for five years from the date of the grant. The fair value of the options was estimated using the Black-Scholes pricing option model. The assumptions used for the valuation of these option were: dividend yield of 0%; expected average volatility of 137%; risk-free interest rate of 4.23% and an expected average life of 5 years. Value assigned to the 1,230,000 options is $2,172,180.

A continuity of contributed surplus and stock option valuations are as follows:

	Cumulative Expense at May 31, 2007	Expensed	Exercised	Expired	Contributed Surplus	Remainder to be Expensed
(1)	$ 33,701	$ -	$ -	$ -	**$ 33,701**	$ -
(2)	7,320	-	-	-	**7,320**	-
(3)	208,190	-	(31,465)	-	**176,725**	-
(4)	1,599,429	114,971	-	-	**1,714,400**	-
(5)	240,268	34,632	-	-	**274,900**	-
(6)	595,352	96,648	-	-	**692,000**	-
(7)	2,415,354	925,662	-	-	**3,341,016**	158,334
(8)	376,936	146,114	-	-	**523,050**	25,050
(9)	365,992	150,094	-	-	**516,086**	26,014
(10)	-	493,784	-	-	**493,784**	1,816
(11)	-	84,991	-	-	**84,991**	23,459
(12)	-	2,172,180	-	-	**2,172,180**	-
(13)	16,087	-	-	-	**16,087**	-
	$ 5,858,629	$ 4,219,076	$ (31,465)	$ -	**$ 10,046,240**	$ 234,673

	Expiry Date	Number	Exercise Price
(1)	March 10, 2010	239,016	$ 0.19
(2)	April 12, 2010	40,000	$ 0.25
(3)	October 7, 2010	172,500	$ 0.90
(4)	April 25, 2011	800,000	$ 2.15
(5)	July 7, 2011	100,000	$ 2.76
(6)	July 19, 2011	250,000	$ 2.78
(7)	December 7, 2011	2,050,000	$ 1.80
(8)	December 8, 2011	300,000	$ 1.83
(9)	December 13, 2011	300,000	$ 1.81
(10)	June 4, 2010	200,000	$ 2.93
(11)	June 25, 2010	50,000	$ 2.55
(12)	October 22, 2012	1,230,000	$ 2.15
(13)	Stock Options Expired		

(Expressed in Canadian Dollars)

4. Loss Per Share

The following table sets forth the computation of basic and diluted loss per share:

	Three Months Ended February 29, **2008**	Three Months Ended February 28, 2007	Nine Months Ended February 29, **2008**	Nine Months Ended February 28, 2007
Numerator:				
Loss for the period	**$ (397,331)**	$ (1,786,533)	**$ (4,746,559)**	$ (3,214,403)
Denominator:				
Weighted average shares outstanding	**47,384,329**	40,495,319	**46,826,158**	31,643,163
Effect of dilutive securities:				
Stock options**	**-**	-	**-**	-
Warrants**	**-**	-	**-**	-
Denominator for diluted loss per share	**47,384,329**	40,495,319	**46,826,158**	31,643,163
Basic and diluted loss per share	**$ (0.01)**	$ (0.04)	**$ (0.10)**	$ (0.10)

***The Company did not include stock options and warrants in the computation of diluted loss per share as their inclusion would be anti-dilutive.*

5. Related Party Transactions Not Disclosed Elsewhere

(i) During the three and nine months ended February 29, 2008, Directors of the Company were paid $36,000 and $131,750 (three and nine months ended February 28, 2007 - $65,265 and $113,020) for their services as Directors and the President of the Company received $4,500 and $13,500 (three and nine months ended February 28, 2007 - $4,500 and $13,500) as an expense allowance. The President was also reimbursed for out of pocket expenses that occurred in the normal course of business.

(ii) For the three and nine months ended February 29, 2008, a total of $36,000 and $108,000 (three and nine months ended February 28, 2007 - $38,326 and $95,821) was paid to the President of the Company. The Company also paid $2,750 and $5,750 (three and nine months ended February 28, 2007 - $5,000 and $10,250) to the Chief Financial Officer of the Company.

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

(Expressed in Canadian Dollars)

6. Segmented Information

The Company operates in one segment within the mining industry. The Company operates in two territorial segments as it is managed in Canada and conducts its exploration and development activities in Sweden.

	February 29, 2008	May 31, 2007
Canada	**$ 30,870,433**	$ 32,804,413
Sweden	**6,682,580**	2,279,268
Total Assets	**$ 37,553,013**	$ 35,083,681

7. Contingency

The Company's exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. The Company believes that its operations comply in all material respects with all applicable past and present laws and regulations.

8. Commitment

The Company is committed to pay a management salary of $12,000 per month to the President of the Company, in addition to a monthly expense allowance of $1,500.

9. Comparative Information

Certain comparative figures have been reclassified in order to conform with current period financial statement presentation.

10. Subsequent events

(a) On March 6, 2008, 75,000 stock options with an exercise price of $0.98 and expiry date of March 6, 2013 were issued to consultants of the Company.

(b) On March 17, 2008, 54,415 warrants with a exercise price of $0.75 and expiry date of March 29, 2008 were exercised for cash proceeds of $40,811.

(c) On March 25, 2008, 35,000 stock options with an exercise price of $0.85 and expiry date of March 25, 2013 were issued to consultants of the Company.