PATRICIA MINING CORP.
(A Development Stage Company)

QUARTERLY FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2008
(Unaudited)

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NOTICE TO SHAREHOLDERS

PATRICIA MINING CORP.
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QUARTERLY FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2008

Responsibility for Financial Statements

The accompanying financial statements for Patricia Mining Corp. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2007 audited financial statements. Only changes in accounting information have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditor involvement

The auditor of Patricia Mining Corp. has not performed a review of the unaudited financial statements for the three months ended March 31, 2008 and March 31, 2007.

PATRICIA MINING CORP.
(A Development Stage Company)
BALANCE SHEETS

	March 31 2008 $ (Unaudited)	December 31 2007 $ (Audited)
ASSETS		
CURRENT		
Cash and cash equivalents	19,906	77,000
Sundry receivable	9,720	15,778
Prepaid expenses	20,381	36,814
	50,007	129,592
RESTRICTED CASH (Note 4)	203,523	203,523
EQUIPMENT (Note 5)	5,592	5,960
INTEREST IN EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Note 6)	703,611	703,611
INTEREST IN MINING ENTITY (Note 7)	25,107,578	25,458,103
	26,070,311	26,500,789

BALANCE SHEETS

	March 31 2008 $ (Unaudited)	December 31 2007 $ (Audited)
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	499,871	758,469
Debentures payable (Note 8)	1,478,273	2,979,166
Current portion of long term debt (Note 9)	1,500,000	1,500,000
	3,478,144	5,237,635
LONG TERM DEBT (Note 9 and 10)	1,500,000	1,875,000
FUTURE INCOME TAX LIABILITY	2,135,900	2,237,900
	7,114,044	9,350,535
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 10 and 11)	27,544,104	25,353,670
SHARE PURCHASE WARRANTS (Note 12)	378,638	290,990
EQUITY PORTION OF DEBENTURE (Note 8)	13,393	-
CONTRIBUTED SURPLUS (Note 13)	42,000	1,706,203
(DEFICIT)	(10,926,071)	(10,200,609)
	17,052,064	17,150,254
	24,166,108	26,500,789

PATRICIA MINING CORP.

(A Development Stage Company)
STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31

	2008 $ (Unaudited)	2007 $ (Unaudited)
INTEREST INCOME	926	4,179
EXPENSES		
Management stock-based compensation	240,000	-
Interest on long term loan	73,898	-
Bank charges, accretion and interest	41,826	3,123
Management and directors compensation	29,500	37,500
Professional fees	21,269	26,590
Office and general	19,784	18,179
Investor relations	19,298	34,613
Salaries and benefits	15,132	5,759
Rent	7,563	11,383
Transfer agent and filing fees	6,300	5,900
Communications	1,681	1,830
Travel	774	6,264
Shareholder Information	471	3,273
Mineral property assessments	-	556
Amortization and depletion	301,608	469
	779,104	155,439
Loss from equity investment	49,284	42,823
Loss before income taxes	(827,462)	(194,083)
Future income tax recovery	102,000	-
NET (LOSS) for the period	(725,462)	(194,083)
Deficit, beginning of period	(10,200,609)	(8,856,749)
Deficit, end of period	(10,926,071)	(9,050,832)
Net (loss) per common share - basic and diluted	(0.02)	(0.01)
Weighted average number of shares outstanding	43,704,597	35,747,448

PATRICIA MINING CORP.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31

	2008 $ (Unaudited)	2007 $ (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) for the period	(725,462)	(194,083)
Items not involving cash:		
Amortization and depletion	301,608	469
Stock option based compensation	240,000	-
Accretion	12,500	-
Accrued interest	(22,500)	-
Loss from equity investment in mining entity	49,284	42,823
Future income tax recovery	(102,000)	-
	(246,570)	(150,791)
Changes in non-cash working capital balances:		
Decrease (increase) in sundry receivable	6,058	(3,392)
Decrease in prepaid expenses	16,433	14,339
(Decrease) increase in accounts payable and accrued liabilities	(236,097)	201,799
	(213,606)	212,746
	(460,176)	61,955
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in exploration properties and deferred exploration costs	-	(307,806)
Increase in restricted cash	-	(25,388)
	-	(333,194)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Decrease) in long-term debt	(375,000)	-
(Decrease) increase in debentures payable	(1,500,000)	23,750
Issuance of common shares	2,278,850	-
Share issue costs	(768)	-
	403,082	23,750
Decrease in cash and cash equivalents	(57,094)	(247,489)
Cash and cash equivalents, beginning of period	77,000	563,706
Cash and cash equivalents, end of period	19,906	316,217
Supplemental Information:		
Interest Paid	73,898	99,863

1. NATURE OF OPERATIONS AND GOING CONCERN

Patricia Mining Corp. (the "Company"), a development stage enterprise, as defined by the Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 11, is in the process of exploring and developing its interests in resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The Company also holds an interest in the producing Island Gold Mine. The recoverability of amounts shown for interests in exploration properties and deferred exploration expenditures and mining properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof.

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its exploration and mining activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed, or that new permits that have been applied for, will be granted. Property title may be subject to other licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory requirements.

Major expenditures are required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to mineral properties is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development and future profitable production or proceeds from disposition.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

The Company has a need for equity capital and financing for working capital and exploration and development requirements. Because of limited working capital and continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation.

The accompanying financial statements do not include any adjustments relating to the carrying values and classification of assets or liabilities that might be necessary should the Company be unable to continue as a going concern.

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2. ACCOUNTING POLICIES

Management of the Company have prepared these interim financial statements in accordance with generally accepted accounting principles in Canada. These statements should be read in conjunction with the December 31, 2007 audited financial statements.

The disclosure in these interim financial statements may not conform in all respects to Canadian generally accepted accounting principles for annual financial statements.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the three months ended March 31, 2008 may not be indicative of the results that may be expected for the full year ending December 31, 2008.

These interim financial statements follow the same methods and policies used in the audited financial statements for the year ended December 31, 2007 except as disclosed below.

CHANGE IN ACCOUNTING POLICY

(i) Capital Disclosures and Financial Instruments

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 standards are effective for interim and annual financial statements for the Company's reporting period beginning on January 1, 2008.

Capital Disclosures

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 Company has included disclosures recommended by the new handbook section in note 10 to these interim unaudited financial statements.

Financial Instruments - Disclosures and Presentation

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 a company manages those risks. The Company has included disclosures recommended by the new handbook section in note 18 to these interim unaudited financial statements.

(ii) International Financial Reporting Standards ("IFRS")

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

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3. CONSOLIDATION OF VARIABLE INTEREST ENTITIES

Pursuant to CICA Accounting Guideline 15, the Company is required to consolidate variable interest entities ("VIE'S"), where it is the VIE'S primary beneficiary. VIE'S are entities in which equity investments do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The primary beneficiary is the party that has exposure to a majority of the expected losses and/or expected residual returns of the VIE. The Company and its joint venture partner have concluded that the Island Gold Mine qualifies as a VIE and that the Company is not the primary beneficiary.

Accordingly, the Company's interest in the Island Gold Mine (Note 7) although a mining joint venture, is accounted for using the equity method.

4. RESTRICTED CASH

The Company has issued various standby letters of credit as guarantees in connection with the Island Gold Project including an irrevocable letter of credit for $183,523 to the Ministry of Northern Development and Mines as part of the Lochalsh Closure Plan.

5. EQUIPMENT

	Cost	Accumulated Amortization	Net
	$	$	$
Office furniture and equipment	14,679	11,635	3,044
Computer equipment	12,080	9,532	2,548
	26,759	21,167	5,592

6. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

	Opening	Expenditures	Other	Closing
	$	$	$	$
Edwards Gold Property (a)				
Acquisition	480,041	-	-	480,041
Exploration	10,765	-	-	10,765
Other (b)				
Acquisition	14,962	-	-	14,962
Exploration	172,843	-	-	172,843
Lac des Iles Property (c)				
Acquisition	25,000	-	-	25,000
	703,611	-	-	703,611

Continued...

6. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

(a) Edwards Gold Property

On June 14, 2006 the Company acquired a 75% interest in certain claims in Jacobsen Township and a 3% NSR on the past producing Edwards Mine, currently owned by Strike Minerals Inc. Consideration for the option was a cash payment of $30,000 (paid) and the issuance of 500,000 common shares (issued) valued at $450,000 based on the quoted market value of the shares at the date of issue. The Company has the option to acquire the remaining 25% interest prior to December 14, 2008 by the issuance of 1,000,000 common shares or after December 14, 2008 by the issuance of 1,500,000 common shares. The vendor has retained a 2% NSR on the property which may be purchased for $1,500,000.

(b) Other Property

The Company has staked various claims in the Island Gold area

(c) Lac des Iles Property

The Company holds a 2% NSR on this property

7. INTEREST IN MINING ENTITY

	Opening $	Expenditures $	Other $	Closing $
Island Gold Project				
Investment	25,134,133	-	-	25,134,133
Equity loss	(280,588)	-	(49,284)	(329,872)
Interest and accretion costs	919,151	-	-	919,151
Depletion	(314,593)	-	(301,241)	(615,834)
	25,458,103	-	(350,525)	25,107,578

Pursuant to an option agreement dated August 28, 2003, the Company granted Richmont Mines Inc. ("Richmont") an option to acquire a 55% interest in the Island Gold Mine. During 2005, Richmont completed $10,000,000 of capital expenditures and exercised its option to acquire a 55% interest in the project.

This Island Gold Mine is accounted for as a Variable Interest Entity with Richmont being the primary beneficiary (Note 3). Richmont is also the operator.

The following properties are included in the Island Gold Mine:

Kremzar Property

The Kremzar Property consists of a 100% interest in various claims located in the Sault Ste. Marie Mining division, Ontario, and all physical mill and related outbuildings, equipment and other assets located in or under those claims. These claims are subject to a 3% NSR royalty.

Lochalsh Property

The Lochalsh Property consists of a 100% interest in various claims and leases located in the Sault Ste. Marie Mining Division, Ontario. The claims and leases are subject to a 3% NSR royalty.

Goudreau Property

The Company originally acquired a 53.4% interest in various claims and licenses located in the Sault Ste. Marie Mining Division, Ontario. In 2006, the remaining 46.6% interest in this property was acquired by the Island Gold Mine for $100,000. This property is subject to a 2% NSR royalty.

Continued...

8. DEBENTURES PAYABLE

On June 1, 2007 the Company completed a $1,000,000 non-brokered private placement debenture financing with a private individual. The debenture was issued at 97.5% of face value which resulted in $975,000 to the Company. The debenture bears interest at 9% and is due on June 1, 2008. The Company is not permitted to grant other security or higher ranking debt instruments without the prior consent of the holder of the debenture. The holder of the debenture received 500,000 common share purchase warrants exercisable at $0.85 on or before July 1, 2008. The estimated value of these warrants is $25,000 and has been recorded as a cost of issue with the value of the warrants being accreted to interest and accretion costs related to the Island Gold Project. This was calculated using the Black-Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 42%, risk-free interest rate 4% and an expected life of 1 years. Included in accounts payable and accrued liabilities at March 31, 2008 is $75,000 of accrued interest on the debenture. Accretion expense of $41,666 has also been recorded.

On March 31, 2008, the Company issued a $500,000 convertible debenture. The debenture bears interest at 9% and is due March 31, 2009. The debenture becomes convertible into common shares at $0.52 per share at the option of the holder on or after September 30, 2008. The debenture has a convertible feature and $13,393 has been recorded as the equity portion of the convertible debenture. During the first six months, the Company may redeem the debenture at 102% of the principal plus interest. The convertible debenture was issued to a corporation that has common officers and a common director

The debentures payable are as follows:

	$
$1,000,000 debenture	991,666
$500,000 convertible debenture	486,607
	1,478,273

9. LONG TERM DEBT

Pursuant to a loan agreement dated October 31, 2005, the Company was provided a loan facility in the maximum amount of $4,500,000 from its joint venture partner for purposes of financing the Company's proportionate share of expenditures relating to the Island Gold Project. Repayment is required in 36 equal consecutive monthly installments of $125,000 commencing April 1, 2007. As at March 31, 2008, the remaining balance outstanding was $3,000,000. The loan bears interest at prime plus 3% and is secured by the Company's interest in the Island Gold Mine.

The following amounts of long-term debt, as at March 31, 2008, are due in the next three years:

	$
Fiscal 2008 (remaining)	1,125,000
Fiscal 2009	1,500,000
Fiscal 2010	375,000
	3,000,000
Less: Current portion	(1,500,000)
Long term portion	1,500,000

Continued...

10. MANAGING CAPITAL

The Company's objective when managing capital are to safeguard the Company's ability to continue as as a going concern in order that it can provide future returns for shareholders and benefits for other stakeholders. Management intends to accomplish this objective with the least dilution to shareholders. Management believes that the use of debt to equity ratio or similar capital management tools would be inappropriate for the Company's current objectives, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2008.

11. CAPITAL STOCK

(a) Authorized
Unlimited Common shares

(b) Common Shares issued

	Number of Shares #	Amount $
Balance, beginning of period	39,322,193	25,353,670
Shares issued (i)	4,382,404	2,191,202
Share issue cost	-	(768)
Balance, end of period	43,704,597	27,544,104

(i) During the period, the Company issued 4,382,404 units in exchange for the $2,000,000 debenture and accrued interest totaling $278,849, which came due on June 30, 2007. Each unit issued was comprised of one common share and one half of one share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share at an exercise price of $0.75 on or before January 11, 2009.

(c) Stock Options
The Company has granted options for the purchase of common shares to its directors, officers, employees and certain consultants. These options are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant.

A summary of changes in stock options is as follows:

	Stock Options #	Weighted Average Exercise Price $
Balance, beginning of period	1,040,000	0.65
Granted	1,000,000	0.52
Expired	(120,000)	0.50
Balance, end of period	1,920,000	0.59

Continued...

11. **CAPITAL STOCK** (Continued)

(c) Stock Options (Continued)

As at March 31, 2008, the Company had incentive stock options issued to directors, officers and consultants of the Company as follows:

Stock Options	Exercise Price	Expiry Date
#	$	
255,000	0.60	October 20, 2008
125,000	0.51	September 7, 2009
210,000	0.75	December 8, 2009
330,000	0.73	October 20, 2010
1,000,000	0.52	January 10, 2013
1,920,000		

On January 10, 2008, 1,000,000 stock options were granted to directors, officers and employees. The estimated fair value of the options granted to directors, officers and employees was $240,000. This was calculated using the Black-Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 54%, risk-free interest rate 3% and an expected life of 5 years. The Black-Scholes option-pricing model was developed for use in estimating the value of traded options that have no vesting restrictions and are fully transferable. The Company's stock based compensation options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the estimate, in management's opinion, amounts estimated using the Black Scholes option-pricing model may differ materially from the actual fair value of the Company's stock based compensation options.

12. SHARE PURCHASE WARRANTS

As at March 31, 2008, the following share purchase warrants are outstanding:

Warrants	Exercise Price	Estimated Fair Value		Expiry Date
#	$	$		
2,397,455	1.50	167,822		December 29, 2008
103,973	0.83	15,596		December 29, 2008
500,000	0.85	25,000		June 1, 2008
1,787,372	0.75	71,495		December 28, 2008
123,077	0.52	11,077		December 28, 2008
2,191,202	0.75	87,648	(i)	January 11, 2009
7,103,079		378,638		

(i) On January 11, 2008, 2,191,202 were issued and the estimated values were calculated using the Black-Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 52%, risk-free interest rate 3% and an expected life of 1 years.

A summary of changes in share purchase warrants is as follows:

	Warrants	Weighted Average Exercise Price
	#	$
Balance, beginning of period	4,911,877	1.12
Issued	2,191,202	0.75
Balance, end of period	7,103,079	1.01

Continued...

13. CONTRIBUTED SURPLUS

A summary of changes in contributed surplus during the period is as follows:

	Amount $
Balance, beginning of period	1,706,203
Stock option compensation - employees	198,000
Stock option compensation - consultants	42,000
Balance, end of period	1,946,203

14. RELATED PARTY TRANSACTIONS

The Company shares its premises with other companies that have common officers and/or directors, and the Company is reimbursed by the related companies for their proportional share of the expenses. Included in accounts payable and accrued liabilities at March 31, 2008 is $94,315 owing to these related companies. Included in amounts receivable at March 31, 2008 is $6,463 receivable from one of these companies.

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

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with presentation adopted in the current year

16. COMMITMENTS

(a) The company is committed to minimum rentals under a long-term lease for premises which expires February 29, 2013. Minimum rental commitments remaining under this lease approximate $604,000 including $120,000 due within one year. The Company shares its premises with a related corporation and is reimbursed for their share of the rentals. The Company's share of the commitment is expected to be approximately $302,000. Minimum rental commitments for the next five years approximate:

	Amount $
Fiscal 2008 (Remaining)	90,000
Fiscal 2009	121,000
Fiscal 2010	122,000
Fiscal 2011	124,000
Fiscal 2012 and later	147,000
	604,000

(b) The Minister of Northern Development and Mines ("MNDM") is the holder of a collateral mortgage in the amount of $577,800 on the buildings, mill and real property contained in the Island Gold Mine. The collateral mortgage was given by the Company to MNDM as financial assurance in respect of the Company's Island Gold Mine Closure Plan. MNDM also holds a letter of credit of $183,523 as financial assurance for the Island Gold Mine (Note 4).

Continued...

16 **COMMITMENTS** (Continued)

(c) The Company has entered into various one-year renewable management contracts that provide for certain payments being made upon the occurrence of certain events, such as a change of control, in the amount of $102,000. As the likelihood of these events taking place is not determinable, no provision has been made for such contingent amounts. Minimum commitments remaining under these contracts were approximately $102,000, due within one year

17. INTEREST IN ISLAND GOLD MINE

The Company has a 45% interest in the Island Gold Mine that has been accounted for as a Variable Interest Entity (Note 3 and 7). Summarized financial information for the Island Gold Mine for the period ending March 31, 2008 and March 31, 2007 is as follows:

	2008 $	2007 $
Current assets	3,237,704	704,801
Fixed assets	6,282,621	4,433,994
Mining properties	22,875,360	24,015,843
Current liabilities	(3,102,459)	(2,313,470)
Long-term liabilities	(36,275)	-
Revenues	6,560,507	19,159
Operating expenses	(5,774,047)	-
Administrative expenses	(895,980)	(114,321)
Net (loss)	(109,520)	(95,162)
Cash flows from operating activities	591,630	260,362
Cash flows from investing activities	(575,571)	(1,415,105)
Cash flows from financing activities	(5,473)	575,000

18. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations. The Company currently has no cash equivalents. Financial instruments included in amounts receivable consist of goods and services tax due from the Federal Government of Canada, and receivables from related and unrelated companies. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2008, the Company did not have sufficient cash and cash equivalents to settle current liabilities of $3,478,144. Management believes that once the Island Gold mine achieves targeted grade and production tonnages, sufficient cash flow will be achieved to discharge current liabilities and service long term-debt.

18. **FINANCIAL RISK FACTORS** (Continued)

Market risk

(a) Interest rate risk

The Company has cash balances and a long-term term loan subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As a result of the long-term loan where interest payable is based a fluctuating prime rate, the Company is subject to interest rate risk. Currently, the Company does not hedge against interest rate risk.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices, specifically gold through it's interest in the Island Gold Mine. Gold prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for gold, the level of interest rates, the rate of inflation, investment decisions by large holders of gold including governmental reserves and stability of exchange rates can all cause significant fluctuations in gold prices, Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Sensitivity analysis

The Company has designated its cash and cash equivalents as held-for-trading, measured at fair value. Amounts 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. Short and long term debt is classified as held-to-maturity and measured at amortized cost.

As at March 31, 2008, the carrying and fair value amounts of the Company's financial instruments are the same.

The Company carries long-term debt on which interest is payable based on fluctuations in the prime rate. A 1% increase or decrease in the prime rate will generate monthly fluctuations in interest expense of approximately $2,500.

The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

At the current time the Company has no intention to hedge its future gold sales.