RUSORO MINING LTD.
(the "Company")

MANAGEMENT'S DISCUSSION AND ANALYSIS
First Quarter Report – March 31, 2008

General

This Management's Discussion and Analysis ("MD&A") supplements but does not form part of the unaudited interim consolidated financial statements of the Company for the three months ended March 31, 2008. The following information, prepared as of June 4, 2008, should be read in conjunction with the March 31, 2008 financial statements, which have been prepared in accordance with Canadian generally accepted accounting principles. All amounts are expressed in U.S. dollars unless otherwise indicated.

Business of the Company

The Company has two business segments; i) exploration of mineral properties and ii) the extraction, processing and sale of gold ore. The Company's business operations are mainly in Latin America, with a primary focus in Venezuela.

The following is a summary of work conducted on the Company's properties during the three months ended March 31, 2008. The Company holds the mineral rights of a group of projects in Bolivar State, southern Venezuela totalling approximately 99,000 hectares. The projects are located within a regional belt 200 km long and 50 km wide which includes, from north to south; the El Callao, El Dorado, Cuyuni, and Km88 mining districts.

The most advanced projects are the Choco 10 mine, the Increible 6 gold deposit, the El Dorado project and the Valle Hondo project. Additional projects with existing advanced exploration data include the Ceiba project, Trinidad project and the Km88 project.

During the three months ended March 31, 2008 exploration and drilling programs occurred on the Choco 10, Increible 6, Increible 14, San Rafael/El Placer, Emilia (Days Zone), Valle Hondo and Yuruan projects. Drilling completed on the Choco project included grade control, resource definition and oxide expansion drilling for a total of 18,167 metres. Drilling on the other projects re-started in January 2008. As at March 31, 2008 nine drills were active on several projects with a total of 64,419 metres drilled in the quarter. Drilling will continue throughout the remainder of the year and is expected to total approximately 300,000 metres including grade control. A series of updated resource and reserve estimates will be completed during 2008 and will be included in technical/economic reports ranging from scoping to feasibility studies designed to determine the preferred path for expanding and/or extending the existing production and/or developing additional stand-alone mining operations.

Summary of Mining Operations

The Company purchased the operating Choco 10 gold mine in November 2007 as part of the acquisition from Goldfields. The mine is located in the El Callao district, which is within 10 km of the Company's Increíble 6 project, is currently producing approximately 8,000 to 9,000 ounces of gold per month. None of the Company's gold production is hedged.

In the quarter ended March 31, 2008 the Company sold 16,659 ounces of gold for revenue of $11.7 million. Production of gold in the quarter was 25,040 ounces at an average “cash” cost of $498 per ounce of gold. During the quarter ended March 31, 2007 when the mine was under the control of the previous operator 8,221 ounces were produced at an average “cash” cost of $748 per ounce of gold. This represents an increase of 205% in terms of ounces produced and a $250 per ounce (or 33.4%) reduction in “cash” costs per ounce of gold produced.

The project has excellent access via well maintained roads from the town of El Callao. The project has a current NI 43-101 compliant resource of 221,000 Au ounces measured (2.3Mt @ 2.9 g/t), 4,230,000 Au ounces indicated (53.8Mt @ 2.4g/t) and 2,870,000 Au ounces inferred (40.8Mt @ 2.2 g/t). The current 43-101 compliant resource numbers are based on more than 224,000 metres of drilling in 2,058 drill holes.

The following is a summary of the $6.7 million of exploration work conducted on the Company’s properties during the three months ended March 31, 2008.

	El Dorado									
	San Rafael El Placer	Emilia	CEIBA II	Valle Hondo	Increible 6	Yuruan	Minoro	El Callao	Other Properties	Total
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Balance, December 31, 2006	12,316	3,096	1,160	974	6,186	-	-	-	3,090	26,822
Acquisition of Mena properties	-	-	-	18,807	39,319	-	15,215	-	3,564	76,905
Acquisition of Gold Fields properties	-	-	-	-	-	-	-	68,408	-	68,408
Foreign exchange gain	-	-	-	-	-	-	-	4,629	-	4,629
Exploration costs										
Camp, equipment and geological fees	2,520	335	-	506	3,667	-	44	253	235	7,560
Drilling and assays	2,134	-	-	65	4,341	407	-	-	111	7,058
	4,654	335	-	571	8,008	407	44	253	346	14,618
Reclassified to assets held for sale (Note 18 (a))	-	-	-	-	-	-	-	-	(805)	(805)
Write-down of mineral properties	-	-	-	-	-	-	-	-	(290)	(290)
Balance, December 31, 2007	16,970	3,431	1,160	20,352	53,513	407	15,259	73,290	5,905	190,287
Foreign exchange gain	-	-	-	-	-	-	-	31,507	-	31,507
Exploration costs										
Camp, equipment and geological fees	1,993	25	-	236	1,435	420	9	-	201	4,319
Drilling and assays	219	203	-	100	712	971	-	-	149	2,354
	2,212	228	-	336	2,147	1,391	9	-	350	6,673
Write-down of mineral properties	-	-	-	-	-	-	-	-	(238)	(238)
Balance, March 31, 2008	19,182	3,659	1,160	20,688	55,660	1,798	15,268	104,797	6,017	228,229

The Company holds the mineral rights of a group of projects in Bolivar State, southern Venezuela totalling approximately 99,000 hectares. The projects are located within a regional belt 200 km long and 50 km wide, which includes, from north to south: El Callao, El Dorado, Cuyuni, and Km88 mining districts.

El Dorado

The Company's mineral titles in the El Dorado district are comprised of Emilia, Emilia II, El Placer, San Rafael, Ceiba, and others. This block of claims has a history of past gold production and contains the company's Emilia mill.

The existing Emilia mill, which has been on care and maintenance since September 2006, is located in the central portion of the El Dorado project.

Drilling on the San Rafael/El Placer/Emilia (El Dorado) project during the quarter ended March 31, 2008 totalled 12,107 metres. Drilling during the quarter was directed at expanding the current resource and upgrading Inferred to Measured and Indicated.

A total of 7,574 metres in 24 drill holes was completed on the main San Rafael/El Placer trend. Drilling at the Days Zone on the Emilia Concession totalled 4,533 metres in 39 drill holes. Drilling on the Days Zone (Emilia) encountered significant mineralization to depth and along strike of the existing open pit. Drilling along the main San Rafael/El Placer was successful in expanding several of the known ore bodies and also in the discovery of additional mineralized zones most notably ZonaX which was first encountered in a technical drill holes completed for the Alvarez Ramp. RC drilling on the western strike extent of the main trend encountered sporadic anomalous values which require follow-up diamond drilling. Drilling along strike of the Alvarez Zone intersected abundant gold anomalous mineralization including both wide low grade zones and narrow high grade veins. Geological interpretation by is in progress.

Updated 43-101 compliant resource estimates for the entire San Rafael/El Placer project and the Days Zone are in progress. The data compilation and interpretation is completed for the main San Rafael/El Placer Trend. The report is scheduled for completion in the second quarter of 2008. Development activities continue at Emilia related to; a) Expansion and upgrading of the Emilia Mill and b) Completion of the Alvarez ramp. The overall objective continues to be the expansion and upgrading the El Dorado resource in order to complete the studies required to evaluate the various development possibilities in the district.

Valle Hondo

The 13,000 hectare Valle Hondo Project is located 40 km east of the Company's Emilia mill.

Drilling on the Valle Hondo project in the quarter ended March 31, 2008 totalled 4,019 metres in 25 drill hole all completed on the Arenales anomaly. Prior to the current program, no previous drilling had been performed at Arenales. Previous drilling (13,000m in 114 diamond drill holes) in 1996 and 1997 was completed on the Apanao Deposit, located eight kilometres east of Arenales. Additional drilling is scheduled for Apanao once the necessary permits have been obtained and further road access and camp upgrades are completed.

The overall objective continues to be the expansion and upgrading the Apanao resource and the definition of additional resources (primary target at Arenales) from within the project. The goal is to outline sufficient resources and complete the necessary studies required to model the project on a "stand alone" basis.

Increíble 6

The Increíble 6 project is located in the El Callao Gold District, 10 km northeast of the Choco mill. Previous work at Increíble 6, including geochemistry, geophysics trenching, and drilling has outlined a series of gold targets. The main gold zones (Culebra, Cristina, Elisa, and Olga) are contained within a 4.5 km long and 1.0 km wide east-west trending shear zone, which crosses the central portion of the project.

Drilling on the Increible 6 project during the first quarter of 2008 totalled 19,909 metres. The exploration plan at Increible 6 is to continue drilling directed at expanding the current 2.7million oz resource and upgrading Inferred to Measured and Indicated. Principal targets included open ended portions of existing ore bodies (Elisa, Cristina, Culebra, and Olga) both down dip and along strike and several additional anomalies remain to be tested most notably the northern Payara Zone.

Additional assays are in progress and a new geological model incorporating all current data is currently being completed. An updated resource estimate is scheduled to be completed in August or September of 2008. The updated resource estimates will be incorporated into a) oxide strategy at Choco 10 Mine, and b) additional support for feasibility study at Choco 10. The overall objective continues to be the upgrading and expansion of the gold resource in order to evaluate the various possible development options. Initial reserve estimates will be completed by Choco mine staff and the oxide portion of Increible 6 included into the Choco Mine Oxide Strategy for near term exploitation.

Yuruan

Drilling during the quarter ended March 31, 2008 on the Yuruan Project included diamond drill holes totalling 8,858 metres.

Two targets were drilled with 13 holes testing the main Maria Para Zone and 21 holes testing the southern MP3 Zone. Drilling in 2008 will also include an expanded drilling program testing several high priority targets on adjacent claims. The Yuruan camp (which is currently being upgraded) will be used as the regional base of operations. The permitting process has advanced and final permits are expected during the second quarter of 2008. The expanded program will include drilling all significant anomalies on the adjacent Block A, Block C and Sol Teresita claims and will total in excess of 20,000 metres. The objective of the drilling program on the Northern Km88 Gold project is to evaluate possibility of outlining additional gold resources for the Emilia Mill and/or the possibility of a “stand alone” project.

Minoro

In Honduras, the Company holds the mineral rights to the 10,000 hectare Minoro project. No field work was completed in the quarter ended March 31, 2008.

Other Bolivar State Projects

The Increible 14 Project is located 15 kilometres northwest of the Choco Mine. A total of 2,630 metres of diamond drilling were completed in the quarter ended March 31, 2008. Further drilling is planned for later in 2008 following up on results and testing additional anomalies.

Results of Operations for the Three Months Ended March 31, 2008 Compared to the Three Months Ended March 31, 2007

The Company has undergone a massive phase of growth over the last year due to its transition from being a gold explorer to being a gold producer by way of acquisition. In addition, the Company has initiated a number of administrative and manpower intensive development projects over the course of the last 12 months which have lead to a sharp increase in some of the expense categories outlined below. In order to support all on-going production and development initiatives, the number of company employees has grown from less than 200 as at March 31, 2007 to well over 700 as at March 31, 2008.

For the quarter ended March 31, 2008 ("FY08-Q1") the Company had a consolidated net loss of $17.3 million compared to a net loss of $3.9 million for the quarter ended March 31, 2007 ("FY07-Q1").

Revenue from gold sales amounted to $11.7 million (FY07-Q1: $Nil), all revenue in the period was generated by production of gold at the Choco 10 mine which was acquired in FY07-Q4.

The Company reported a gross loss of $1.4 million for FY08-Q1 (FY07-Q1: $Nil), the gross loss has been impacted by $6.2 million of additional amortization due to the revaluation to fair value upon acquisition of the Choco 10 mine assets.

Administration expense for FY08-Q1 was $4.5 million (FY07-Q1: $2.4 million), the FY08-Q1 amount includes administration expense associated with the Venezuelan operations of $3.1 million (FY07-Q1: $1.1 million), of which $1.6 million relates directly to the Choco 10 mine operation. Also included within administration expense is $0.8 million (FY07-Q1: $1.2 million) of stock-based compensation expense associated with options granted and previously granted to various members of the Company's board of directors and key employees.

The balance of the administration expense is composed of corporate insurance expense of $0.3 million, directors fees of $0.1 million and rent and utilities expenses for the Vancouver head office in the amount of approximately $0.1 million. Furthermore, the Moscow office incurred expenses of approximately $0.1 million related to rent, utilities, salaries and general corporate expenditures.

Consulting expenses for FY08-Q1 was $1.6 million (FY07-Q1: $1.2 million) and includes $1.0 million (FY07-Q1: $0.8 million) in stock-based compensation expense associated with stock options previously granted to third parties to assist in the management of the Company. A further $0.6 million (FY07: $0.4 million) relates to expenses relating to consultants who provided services to assist in the management and investor relations functions of the Company.

Foreign exchange loss in FY08-Q1 was $7.4 million (FY07-Q1: $Nil), of which $6.5 million was attributable to the non-cash translation of future income tax liabilities of the Venezuelan integrated foreign subsidiaries, $0.6 million was due to the Cdn$ weakening by 3.5% in the period and $0.3 million was attributable to the movement in the Venezuelan Bolivar.

Interest income in FY08-Q1 was $0.2 million (FY07-Q1: $0.3 million) which reflects the interest earned on cash balances held during the period.

Professional fees in FY08-Q1 were $0.8 million (FY07-Q1: $0.2 million) and are mainly related to legal, tax, audit and accounting services provided in relation to the Company being publicly traded.

Salary expense for FY08-Q1 was $0.6 million (FY07-Q1: $0.3 million) and includes $0.1 million (FY07-Q1: $0.2million) of stock-based compensation expense associated with stock options granted and previously granted to key employees and a further $0.5 million (FY07-Q1: $0.1 million) relates to the wages and salaries expense paid to the Vancouver head office employees. The increase in salaries paid to Vancouver employees reflects the growth of dedicated staff working in the Company's head office.

Travel and entertainment expense during FY08-Q1 was $1.0 million (FY07-Q1: $0.1 million) which is a result of the Company having corporate offices in Canada, Venezuela and Russia and operations in Venezuela.

The Company has adopted the "Current Rate" methodology for accounting for the acquisition from Gold Fields. Under this approach the assets and liabilities acquired are restated according to the prevailing market exchange rate at the balance sheet date with all foreign exchange gains (and losses, when applicable) being recorded against Other Comprehensive Income in the consolidated balance sheets. The market exchange rate at December 31, 2007 was 5.70 Venezuelan Bolivars to the US$. The Bolivar in the quarter ended March 31, 2008 has appreciated over 44% to 3.95 Bolivars to the US$, this appreciation has caused an overall increase in net assets reported of $248.8 million.

Quarterly Information

The following table provides information for the Company for the quarters ended March 31, 2008, December 31, 2007, March 31, 2007, June 30, 2007, September 30, 2007 and December 31, 2006 and for Grupo Agapov (now called Rusoro Mining (Panama) Inc.) for the fiscal quarters ended September 30, 2006 and June 30, 2006 which were prior to being acquired by the Company in late 2006:

	Quarter Ended Mar 31, 2008 ($000's)	**Quarter Ended Dec 31, 2007 ($000's)**	**Quarter Ended Sept 30, 2007 ($000's)**	**Quarter Ended June 30, 2007 ($000's)**
Revenue	11,688	3,495	-	-
Loss before discontinued operations	(17,263)	(12,980)	(11,187)	(4,167)
Net Loss	(17,263)	(12,980)	(11,187)	(4,167)
Loss per share	(0.04)	(0.06)	(0.08)	(0.03)

	Quarter Ended Mar 31, 2007 ($000's)	**Quarter Ended Dec 31, 2006 ($000's)**	**Quarter Ended Sept 30, 2006 ($000's)**	**Quarter Ended June 30, 2006 ($000's)**
Revenue	-	-	-	-
Loss before discontinued operations	(3,910)	(24,136)	(2,679)	(5,554)
Net Loss	(3,910)	(25,362)	(3,010)	(5,273)
Loss per share	(0.03)	(0.85)	(28,662)	(80,219)

The trend in the net losses before discontinued operations reflects the Company's continued efforts to develop the mineral properties within its portfolio and to progress from being a mineral exploration company to a mineral exploitation company.

The FY08-Q1 loss before discontinued operations has been considerably impacted by the $6.5 million expense attributable to the non-cash translation of future income tax liabilities of integrated foreign subsidiaries

Revenue in FY08-Q1 and FY07-Q4 is due to the acquisition from Gold Fields which included the Choco 10 mine.

The issuance of stock options in September 2007 mainly accounts for the increase in the reported net loss when compared to the two previous quarters.

The FY06-Q4 loss before discontinued operations has been considerably impacted by the transition to becoming a public company and by the mineral property impairment charge.

The loss per share figures reflect the share recapitalization upon the RTO and the issuance of shares to effect the Mena acquisition in March 2007 and the further issuance of shares in November 2007 to effect the acquisition from Gold Fields.

There are no seasonal factors that could significantly influence the results of the Company.

Liquidity and Capital Resources

Management is actively investigating various avenues of financing to fund its future growth and mine development plans in Venezuela and are currently exploring alternatives which may include both debt and equity options.

The Company's cash position decreased from $31.4 million at December 31, 2007 to $10.8 million at March 31, 2008.

Non-cash working capital increased by $8.8 million in the quarter, from $1.1 million as at December 31, 2007 to $9.9 million as at March 31, 2008.

Financing activities included $0.4 million received during FY08-Q1 (FY07-Q1: $Nil) from the exercising of warrants and the Company also repaid short-term bank borrowings in FY08-Q1 of $0.5 million (FY07-Q1: $Nil).

Investing activities in FY08-Q1 included $7.3 million (FY07-Q1: $2.5 million) spent on developing the mineral property portfolio. Additionally, plant and equipment was purchased for $2.5 million (FY07-Q1: $Nil).

Related Party Transactions

Related party transactions are recorded at the exchange amount which is the consideration agreed to between the parties.

During FY08-Q1, the Company paid to a company controlled by the CEO and a director an amount of $146,373 (FY07-Q1: $Nil), to reimburse it for the administrative costs incurred by the Moscow office. Additionally, this company was also reimbursed during the FY08-Q1 for an amount of $114,784 (FY08-Q1: $Nil) which relates to the provision of consulting services.

Companies which are controlled by the Chairman and the CEO and certain senior managers of the Company provided drilling and geological services during FY08-Q1 in the amount of $995,290 (FY07-Q1: $592,750). This amount has been capitalised as part of mineral properties.

The Chairman was paid $105,000 during FY08-Q1 (FY07-Q1: $31,250), for the provision of management services in accordance with the terms of the consulting contract that he has with the Company.

The CEO was paid $105,000 during FY08-Q1 (FY07-Q1: $31,250), for the provision of management services in accordance with the terms of the consulting contract that he has with the Company.

A company owned by the Chairman which specialises in aircraft charters provided travel services amounting to $364,781 during FY08-Q1 (FY07-Q1: $Nil).

A law firm, of which a director is a partner, provided general legal advice and services to the Company during FY08-Q1 which amounted to $52,345 (FY07-Q1: Nil).

Other Data

Additional information related to the Company is available for viewing at www.sedar.com.

Disclosure of Outstanding Share Data as at June 4, 2008

Designation of Securities	Number or Principle Amount Outstanding	If Convertible, Exercisable or Exchangeable for Common Shares, Maximum Number of Common Shares Issuable
Common shares	387,182,165	387,182,165
Stock options	19,041,178	19,041,178
Share purchase warrants	108,800,129	108,800,129
Total (maximum number of common shares) – fully diluted		**515,023,472**

Change in Accounting Policies

During the quarter, the Company adopted three new presentation and disclosure standards that were issued by the Canadian Institute of Chartered Accountants: Handbook Section 1535, Capital Disclosures (“Section 1535”), Handbook Section 3862, Financial Instruments – Disclosures (“Section 3862”) and Handbook Section 3863, Financial Instruments – Presentation (“Section 3863”).

Section 1535 requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate (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.

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 for financial instruments. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Inventories

Section 3031, Inventories, which replaces Section 3030, establishes standards for the measurement and disclosure of inventories. The new standard provides more extensive guidance on the determination of cost, including allocation of overhead and requires impairment testing. The adoption of Section 3031 did not result in a material impact on the Company's consolidated financial position and results of operations as there was no impairment provision made to inventory as at December 31, 2007. The disclosure requirements in Section 3031 have been expanded to include disclosure of the amount of inventories recognized as an expense during the period, which was $11,563,087 in the three months ended March 31, 2008 (March 31, 2007 – $Nil) and is included in the "cost of goods sold" line on the Consolidated Statement of Operations and Deficit.

Forward Looking Information

Certain statements contained in this MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance of achievements of the Company to materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

Legal Contingencies

Corporación Cabello Galvez

The Company has been named as a defendant in two legal matters outstanding in relationship to the disputed ownership of shares of Corporación Cabello Galvez. The plaintiff expresses rights that would effectively give that party full ownership of the mining property held by the Company. The Company denies these ownership rights and asserts full ownership of Corporación Cabello Galvez. The outcome of this matter cannot be estimated at this time and no accrual for any provisions has been made. Corporación Cabello Galvez's single asset is the mineral property concession of Atlántida which has a carrying value of $Nil at December 31, 2007 (2006 - $Nil).

In addition, Corporación Cabello Galvez's term of incorporation elapsed under Venezuelan law on February 1, 1997. This subsidiary remains in wind-up stage unless shareholders resolve to reactivate it pursuant to Venezuelan law.

Ferrominera del Orinoco

Ferrominera del Orinoco ("FMO"), a Venezuelan government entity, has instigated legal proceedings against a subsisiary of the Company asking for the annulment of a shareholders meeting whereby FMO's equity stake in Promotora Mineria de Guyana ("PMG") was diluted from 30% to 0.02%. The Company's legal counsel believes that there is no merit to the proceedings and the probability of the Company losing the legal action is very low, although FMO in their statement of claim has asked for $9 million as compensation. No amount has been accrued in these financial statements for the claim by FMO since management and the Company's legal counsel have assessed that it is unlikely that FMO will be successful in their claim.

Included in the costs to acquire the Venezuelan assets and liabilities of GF Netherlands is $11.6 million paid to a BVI incorporated entity which acted as intermediary consultant and advisor for the Company in completing this acquisition. The services provided by the company were the negotiation of release from this legal action in return for an indilutable 5% ownership interest by FMO in PMG. However, certain steps remain outstanding to firmly document the completion of the transaction and until documented this action is not legally released and remains outstanding.

Other Matters

In the normal course of business, the Company has been named as a defendant in nine matters before the courts and a mediator within Venezuela. Total claims on these matters are $729,765. The outcome of these matters cannot be determined at this time and the Company has not accrued for any losses on these matters.

Risks and Uncertainties

Financial Instruments

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and other price risks. Where material, these risks are reviewed and monitored the Board of Directors.

Credit Risk

The Company's credit risk is limited to trade receivables in the ordinary course of business. The Company sells to a small number of customers with exemplary credit histories and the balance of other receivables owed to the Company in the ordinary course of business is not significant. Therefore, the Company is not exposed to significant credit risk. The Company's credit risk has increased since last year as it is now a producer and seller of gold.

Liquidity Risk

The Company has in place a process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its planned capital expenditures and expansion plans. The Company ensures that there are sufficient committed funds available before embarking on acquisitions or committing to major capital undertakings.

The Companies overall liquidity risk has not changed significantly from the prior year.

Currency Risk

The Company is exposed to currency risk as certain of its assets are denominated in foreign currencies. Unfavourable changes in the applicable exchange rate may result in a decrease or increase in foreign exchange gains or losses. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company's Venezuelan operations and cash holdings are currently subject to currency and exchange controls. These government imposed controls may adversely affect the Company as such controls restrict the Company's ability to flow U.S. dollars out of the country.

As at March 31, 2008 the Company holds cash of $1,693,652 (December 31, 2007: $516,268) in Venezuelan Bolivars.

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: Venezuelan Bolivar and Canadian dollar denominated cash and cash equivalents, accounts receivable, accounts payable and purchase price allocations. The sensitivity of the Company's net earnings and other comprehensive income from these financial instruments due to changes in the exchange rate between the Venezuelan Bolivar, Canadian dollar and the United States dollar are summarized in the below:

	As at March 31, 2008	
	10% Increase in the Venezuelan Bolivar	**10% Decrease in the Venezuelan Bolivar**
	$	**$**
Net earnings	(115,000)	94,100
Other comprehensive income	124,550,900	(101,905,300)
Comprehensive income	124,550,900	(101,905,300)

	As at March 31, 2008	
	10% Increase in the Canadian Dollar	**10% Decrease in the Canadian Dollar**
	$	**$**
Net earnings	(365,600)	221,800
Other comprehensive income	Nil	Nil
Comprehensive income	Nil	Nil

Title Risk

Title to mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. Although the Company has investigated title to all of its mineral properties for which it holds concessions or other mineral leases or licenses, the Company cannot give any assurance that title to such properties will not be challenged or impugned and cannot be certain that it will have valid title to its mining properties. The Company relies on title opinions by legal counsel who base such opinions on the laws of countries in which the Company operates. The Company's principal mineral properties and mining rights are located in Venezuela. In 2005, the Government of Venezuela announced that it would be changing the mining title regime from a system where title was granted in the form of either concessions or operating contracts to a system where all new titles would be granted in the form of operating contracts. In order to effect this change, the Government advised that it would need to create a national mining company which would be the nation's contracting party covering the entire country of Venezuela. The Government also indicated that, given this change in title regime, it would also be appropriate to review all existing mining companies in a single comprehensive exercise to ensure that only companies found to be in compliance with their existing title terms and conditions would qualify for the new title.

Country Risk

The Company's mineral exploration and exploitation activities may be adversely affected by political instability and legal and economic uncertainty in the countries where the Company has operations. The risks associated with the Company's foreign operations may include political unrest, labour disputes, invalidation of governmental orders and permits, corruption, war, civil disturbances and terrorist actions, arbitrary changes in laws, regulation and policies, taxation, price controls, exchange controls, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental or other nongovernmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports and increased financing costs. These risks may limit or disrupt the Company's projects or operations, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization, expropriation or other means without fair compensation. The Company's mineral properties and mining rights are located in Venezuela and as such, the Company may be affected by political or economic instabilities.

SUBSEQUENT EVENT

Disposition of Mena Chile

On April 4, 2008, The Company announced that it had completed the sale of its 100% own subsidiary, Compania Minera Mena Resources (Chile) Limitada ("Mena Chile") to Iron Creek Capital Corp ("Iron Creek"), an unrelated company listed on the TSX Venture Exchange.

The consideration consisted of 2,000,000 common shares in Iron Creek at a deemed price of $0.265 per common share and $325,000 in cash representing the repayment of a loan advanced by the Company to Mena Chile. In addition and pursuant to the terms of a royalty agreement, Mena Chile has granted a net smelter returns royalty to the Company, on any metals recovered equal to 1% on the Vaquillas Property and 2% on mining and mineral interests held by Mena Chile with respect to the Emilia & Pampa property, the Gavi & Mena 1-2 properties and the Suerte property.

The Company has reclassified the Mena Chile assets to assets held for sale at their net realizable value of $855,000 as follows:

	$
Cash	37,857
Prepaids	12,075
Mineral properties	805,068
	855,000