RUSORO MINING LTD.
Interim Consolidated Financial Statements (unaudited)
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(Expressed in U.S. Dollars)

RUSORO MINING LTD.
INTERIM CONSOLIDATED BALANCE SHEETS
AS AT March 31, 2008
(Expressed in U.S. Dollars) - unaudited

	March 31, 2008 $	December 31, 2007 $
ASSETS		
CURRENT		
Cash	10,799,996	31,352,166
Loans and receivables (Note 3)	9,860,575	5,300,231
Prepaid expenses and deposits (Notes 4 and 11)	14,528,130	8,187,746
Inventories – gold (Note 5)	14,687,417	7,634,989
Inventories – materials	6,800,760	3,089,999
Assets held for sale (Note 18)	855,000	855,000
	57,531,878	56,420,131
Property, plant and equipment (Notes 6 and 11)	1,085,387,907	758,680,742
Mineral properties (Notes 7 and 11)	228,228,597	190,287,252
Loans and receivables - non-current (Note 3)	1,399,928	1,136,092
	1,372,548,310	1,006,524,217
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	32,010,479	21,422,340
Income taxes payable	2,287,889	-
Short-term debt (Note 9)	-	522,375
Loan payable on acquisition (Note 12)	2,500,000	2,500,000
	36,798,368	24,444,715
Asset retirement obligation	3,444,484	2,284,178
Future income tax liability	395,133,558	276,752,282
	435,376,410	303,481,175
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 10 (a))	670,375,848	669,251,552
CONTRIBUTED SURPLUS (Note 10 (b))	93,278,470	91,823,658
ACCUMULATED OTHER COMPREHENSIVE INCOME	286,064,407	37,251,489
DEFICIT	(112,546,825)	(95,283,657)
	937,171,900	703,043,042
	1,372,548,310	1,006,524,217

Nature of operations - Note 1
Commitments and contingencies - Note 16
Risks – Note 17
Subsequent events - Note 18

(See Accompanying Notes)

APPROVED BY THE DIRECTORS:

"George Salamis" , Director
George Salamis

"Gordon Keep" , Director
Gordon Keep

RUSORO MINING LTD.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31,
(Expressed in U.S. Dollars) - unaudited

	2008 $	2007 $
REVENUE	11,687,959	-
Cost of goods sold	13,059,554	-
GROSS LOSS	(1,371,595)	-
EXPENSES		
Administration (Notes 10 (c) and 11)	4,496,538	2,397,206
Amortization	53,150	2,353
Consulting (Notes 10 (c) and 11)	1,556,883	1,167,997
Foreign exchange loss	7,425,411	21,162
Interest income	(155,056)	(325,297)
Professional fees (Note 11)	792,341	165,858
Salaries (Notes 10 (c) and 11)	608,752	294,171
Transfer agent and filing fees	82,327	67,183
Travel and entertainment (Note 11)	1,046,213	119,068
	15,906,559	3,909,701
Loss before undernoted	(17,278,154)	(3,909,701)
OTHER EXPENSES (INCOME)		
Impairment of mineral properties (Note 7)	238,320	-
LOSS BEFORE INCOME TAXES	(17,516,474)	(3,909,701)
Current income tax provision	2,287,889	
Future income tax recovery	(2,541,205)	-
	(253,306)	-
NET LOSS	(17,263,168)	(3,909,701)
DEFICIT		
Beginning of period	(95,283,657)	(63,039,668)
End of period	(112,546,825)	(66,949,369)
BASIC AND DILUTED LOSS PER SHARE	(0.04)	(0.03)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED	387,033,102	120,580,646

(Expressed in U.S. Dollars) - unaudited

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2008 $	2007 $
NET LOSS	(17,263,168)	(3,909,701)
Unrealised gain on available for sale marketable securities	-	175,109
Unrealised gain on available for sale long term investments	-	20,221
Unrealized foreign exchange gains on translation of self-sustaining foreign operations	248,812,918	-
COMPREHENSIVE INCOME	231,549,750	(3,714,371)

INTERIM CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME

	2008 $	2007 $
BALANCE – BEGINNING OF PERIOD	37,251,489	-
Unrealised gain on available for sale marketable securities	-	175,109
Unrealised gain on available for sale long term investments	-	20,221
Unrealized foreign exchange gains on translation of self-sustaining foreign operations	248,812,918	-
BALANCE – END OF PERIOD	286,064,407	195,330

RUSORO MINING LTD.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31,
(Expressed in U.S. Dollars) - unaudited

	2008 $	2007 $
OPERATING ACTIVITIES		
Net loss for the period	(17,263,168)	(3,909,701)
Item not involving cash		
Depreciation in production	6,749,997	-
Amortization	53,150	2,353
Stock based compensation (Note 10 (c))	1,926,329	2,335,941
Impairment of mineral properties (Note 7)	238,320	-
Unrealised foreign exchange loss	6,439,914	-
Future Income Taxes	(2,541,205)	-
	(4,396,663)	(1,571,407)
Changes in non-cash working capital items		
Inventories	(7,655,592)	-
Loans and receivables	(3,476,450)	101,784
Prepaid expenses and deposits	(4,592,189)	(807,990)
Income taxes payable	2,287,889	-
Accounts payables and accrued liabilities	7,763,720	(343,999)
Cash used in operations	(10,069,285)	(2,621,612)
FINANCING ACTIVITIES		
Repayment of short-term borrowings	(522,375)	-
Advances from related parties	(370,071)	(69,462)
Cash received upon the exercising of share warrants	353,826	-
Cash acquired on acquisition of Mena	-	57,709,754
Cash received upon the exercising of stock options	-	339,399
Share issue costs	-	(131,799)
	(538,620)	57,847,892
INVESTING ACTIVITIES		
Mineral property costs	(7,289,777)	(2,464,302)
Purchase of property, plant and equipment	(2,533,591)	(34,959)
Advances to related parties	-	(61,601)
Purchase of marketable securities and long term investments	-	(38,336)
Collection of collateral loan	-	300,000
	(9,823,368)	(2,299,198)
Impact of foreign exchange on cash	(120,897)	-
(DECREASE) INCREASE IN CASH	(20,552,170)	52,927,082
Cash - beginning of period	31,352,166	11,121,109
CASH – END OF PERIOD	10,799,996	64,048,191
Supplemental cash flow information		
Interest paid	-	-
Taxes paid	-	-
Non-cash investing and financing transactions (Note 14)		

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

These interim unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information and they follow the same accounting policies and methods of application as the audited consolidated financial statements of the Company for the year ended December 31, 2007, except as discussed in Note 2. These interim unaudited consolidated financial statements do not include all the information and note disclosure required by the generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the most recent annual audited consolidated financial statements.

In the opinion of management, all adjustments (including normal recurring adjustments) necessary to present fairly the financial position at March 31, 2008 and the results of operations and cash flows for all periods presented have been made. The interim results are not necessarily indicative of results for a full year.

The Venezuelan subsidiaries of the Company have received mining concessions for the exploration, development, and exploitation of alluvial and vein gold and diamonds. The concessions have been granted by the Ministry of Energy and Mines or by Corporación Venezolana de Guayana (“CVG”), maturing in 20 to 25 years, with some concessions extendable for subsequent periods of 10 years.

Promotora Minera de Guayana (“PMG”) owns an operating mine with proven reserves. Rusoro indirectly owns 95% of PMG with the remaining 5% owned by Ferromineria Orinoco, CA, which is owned by CVG (Note 16 (b)).

The Company continues to explore its other mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the capitalized costs associated with these non-producing exploratory mineral properties is dependent upon the existence of economically recoverable reserves, continuation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary exploitation permits on mining properties and obtaining financing to complete their development and upon future profitable production or disposition thereof.

Local and international political and economic conditions, such as variations in the price of gold, inflation, fluctuations in the exchange rate or the exchange control, exploitation controls and local political-economic developments can have a significant effect on the financial results of the Company’s operations.

2. CHANGE IN ACCOUNTING POLICIES

Capital Disclosures and Financial Instruments - Disclosures and Presentation

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.

Expressed in U.S. Dollars - unaudited

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. 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 $13,059,554 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.

3. LOANS AND RECEIVABLES

	March 31, 2008 $	December 31, 2007 $
(a) VAT receivable	7,334,651	5,370,621
(b) Trade receivables	1,236,701	-
(c) Other receivables	2,689,151	1,014,456
(d) Advances to related companies	-	51,246
	11,260,503	6,436,323
(e) Non-current VAT receivable	(1,399,928)	(1,136,092)
Current loans and receivables	**9,860,575**	**5,300,231**

a) VAT receivable relates to value added taxes paid in Venezuela that are recoverable from the requisite authorities. Some of these VAT receivables can be sold to third parties at a slight discount and the remaining can be reclaimed when production of gold commences which is anticipated to be before the end of 2008.

b) Trade receivables relate to the sale of gold.

c) Other receivables consists of GST receivable, sundry receivables and employee advances.

d) Advances to related companies represents amounts owed to the Company by companies which are controlled by senior management. The amounts are unsecured, non-interest bearing and were collected in the period ended March 31, 2008.

e) Included in non-current VAT receivable are VAT receivables that management estimates will not be able to be claimed or collected for at least 12 months from the balance sheet date.

Expressed in U.S. Dollars - unaudited

4. PREPAIDS AND DEPOSITS

	March 31, 2008 $	December 31, 2007 $
(a) Prepaid expenses	9,349,824	6,916,406
(b) Deposits	5,178,306	1,271,340
	14,528,130	**8,187,746**

a) Included in prepaids at March 31, 2008 is $6,367,502 (2007: $3,739,427) related to advances to suppliers for goods and services to be provided at a later date.

b) Deposits includes amounts paid in advance for equipment destined for the companies operating in Venezuela.

5. INVENTORIES - GOLD

	March 31, 2008 $	December 31, 2007 $
Gold bars	9,599,635	4,288,801
Gold in process	3,222,718	1,944,753
Gold - stockpile	1,865,064	1,401,435
	14,687,417	**7,634,989**

Expressed in U.S. Dollars - unaudited

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	March 31, 2008 $ Accumulated Amortization and Depletion	Net Book Value
Facilities	1,003,334,964	(7,423,640)	995,911,324
Machinery	85,330,945	(8,518,855)	76,812,090
Furniture and equipment	8,270,845	(1,557,736)	6,713,109
Vehicles	2,371,635	(663,597)	1,708,038
Leasehold improvements	105,894	(11,580)	94,314
Construction in progress	4,149,032	-	4,149,032
	1,103,563,315	(18,175,408)	**1,085,387,907**

	Cost	December 31, 2007 $ Accumulated Amortization and Depletion	Net Book Value
Facilities	694,392,653	(4,014,961)	690,377,692
Machinery	61,211,025	(3,081,238)	58,129,787
Furniture and equipment	6,991,869	(1,229,498)	5,762,371
Vehicles	1,973,257	(445,473)	1,527,784
Leasehold improvements	78,263	(7,685)	70,578
Construction in progress	2,812,530	-	2,812,530
	767,459,597	(8,778,855)	**758,680,742**

Construction in progress

The Company has commenced construction of a production facility to process gold material. Construction in progress includes the cost of materials, construction labour, machinery, and equipment. Upon completion, such costs will be amortized over the plant's estimated useful life.

The net book values associated with the Company's only operating property are as follows:

	Mineral Interests					
	Depletable	Non-Depletable	Total	Facilities	March 31, 2008	December 31, 2007
	$	$	$	$	$	$
Choco 10	32,254,950	922,682,350	957,937,300	37,974,024	995,911,324	690,377,692

7. MINERAL PROPERTIES

	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.

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 holes all completed on the Arenales anomaly. Prior to the current program, no previous drilling had been performed at Arenales.

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. A total of 19,909 metres of additional drilling was completed in the quarter ended March 31, 2008.

Yuruan

Drilling during the quarter ended March 31, 2008 on the Yuruan Project included diamond drill holes totalling 8,858 metres. The objective of the drilling program on the Yuruan project is to evaluate the 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.

El Callao

The El Callao project consists of ten titles covering 41,644 hectares, seven of these titles; Choco 1, 2, 6, 9, 12 and 13 are located within the central portion of the El Callao district with the remaining three titles; Bochinche Zero, 1 and 2 located 40 km to the north-east.

Other Bolivar State Projects

During 2006, the Company acquired the Oro88 concessions, which are located in the Km88 district, from a significant shareholder and director of the Company. The acquisition of these concessions has been recorded at their cost to the related party transferor ($232,652) and has been included in "Other Properties". The Company agreed to pay $5,000,000 for the Oro88 concessions and as such, the $232,652 cost of the concessions has been recorded as other acquisition costs with the balance of $4,767,348 recorded as a reduction to contributed surplus.

At March 31, 2008, $2,500,000 of this $5,000,000 remained unpaid (Note 12).

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 fiscal 2008 following up on results and testing additional anomalies.

A total of $238,320 of mineral property expenditures were incurred at the Mena Chile property in the first quarter of 2008. As this property has been reclassified to "assets held for sale" at the agreed sale price value (Note 18), an impairment provision has been recorded against this expenditure.

Expressed in U.S. Dollars - unaudited

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2008 $	December 31, 2007 $
Accounts payable	27,325,365	16,306,773
Accrued liabilities	3,128,613	3,557,558
Due to related parties	370,071	1,044,901
Accual for termination benefits	1,186,430	513,108
	32,010,479	**21,422,340**

The amounts due to related parties are unsecured and due on demand, bear no interest and are owed to companies with directors in common.

9. SHORT TERM DEBT

The short-term debt represents bank borrowing by the operating mine to fund a temporary shortfall in working capital. The debt was unsecured and attracted an interest rate of 15%.

The outstanding debt was fully repaid on January 19, 2008.

10. SHARE CAPITAL

Authorized Share Capital

Unlimited number of common shares.

(a) Issued Capital

	Number of Shares	Amount $
Balance, December 31, 2006	**111,430,851**	**89,161,949**
Mena acquisition	31,424,255	95,781,321
Issued pursuant to exercise of stock options	212,940	248,584
Issued pursuant to exercise of warrants	10,017,060	514,940
Fair value of options exercised	-	450,875
Fair value of warrants exercised	-	37,886
Private placement	93,750,000	173,455,019
Acquisition from Gold Fields	140,000,000	323,400,000
Share issue costs	-	(13,799,022)
Balance, December 31, 2007	**386,835,106**	**669,251,552**
Issued pursuant to exercise of warrants	347,059	353,826
Fair value of warrants exercised	-	770,470
Balance, March 31, 2008	**387,182,165**	**670,375,848**

Expressed in U.S. Dollars - unaudited

(b) Contributed Surplus

	Amount $
Balance, December 31, 2006	**7,198,983**
Fair value of the stock options and warrants issued in conjunction with the Mena acquisition	15,666,283
Reclassification to common shares on conversion of stock options	(450,875)
Reclassification to common shares on conversion of warrants	(37,886)
Fair value of the warrants issued in conjunction with the private placement	51,544,980
Stock based compensation	17,902,173
Balance, December 31, 2007	**91,823,658**
Reclassification to common shares on conversion of warrants	(770,470)
Stock based compensation	2,225,282
Balance, March 31, 2008	**93,278,470**

(c) Stock Options

The Company has a stock option plan for its directors, officers, consultants and key employees under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company. Options are non-transferable and may have a term of up to 10 years from the date of issue. Vesting terms, conditions and exercise price (market price at time of grant) are determined by the board of directors at the time of grant.

The following stock options were outstanding at March 31, 2008:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price $		Expiry Date
38,236	38,236	1.02	CDN	Nov 26, 2008
17,647	17,647	0.85	CDN	Oct 13, 2009
350,000	70,000	2.30	CDN	Oct 28, 2009
334,117	334,117	1.05	CDN	Dec 7, 2009
47,060	47,060	1.11	CDN	Mar 7, 2011
94,118	94,118	1.70	CDN	Apr 5, 2011
7,105,000	5,113,333	3.00	USD	Nov 6, 2016
6,770,000	3,042,500	2.12	CDN	Sept 10, 2017
3,785,000	3,045,000	2.30	CDN	Oct 28, 2017
100,000	-	1.60	CDN	Jan 1, 2018
300,000	-	1.65	CDN	Jan 15, 2018
100,000	100,000	1.55	CDN	Jan 24, 2018
19,041,178	**11,902,011**			

The weighted average grant-date fair value of options granted during the period was $1.18.

Expressed in U.S. Dollars - unaudited

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price $
Outstanding, December 31, 2006	**7,455,000**	3.39
Exercised	(212,940)	1.29
Issued	11,299,118	2.08
Outstanding, December 31, 2007	18,541,178	2.62
Issued	500,000	1.62
Outstanding, March 31, 2008	**19,041,178**	2.59

The total fair value of the options granted for the periods presented was estimated using the Black-Scholes option pricing model and resulted in the following amounts:

	2008	2007
Total fair value of options granted during the period	$694,223	$Nil
Assumptions		
Dividend yield	0%	-
Annualized volatility	59%-69%	-
Risk-free interest rate	3.81%-3.94%	-
Expected life (years)	10	-
Grant Date Fair Value	$1.15-$1.20	-

The stock based compensation included in the statement of loss and accumulated deficit during the period was $1,926,329 (2007: $2,335,941), of the total stock-based compensation $298,955 (2007: $64,432) was capitalised as mineral property expenditures.

The $1,926,329 stock-based compensation expensed directly to the income statement has been allocated to the following expense categories; administration $819,852 (2007: $1,381,177), consulting $1,018,960 (2007: $758,134) and salaries $87,517 (2007: $196,630).

(d) Warrants

Share purchase warrant transactions for the period ended March, 31, 2008, were as follows:

	Number of Warrants	Weighted Average Exercise Price $
Outstanding, December 31, 2006	**15,833,336**	**1.28**
Issued	103,330,912	4.03
Exercised	(10,017,060)	0.05
Outstanding, December 31, 2007	**109,147,188**	**4.00**
Exercised	(347,059)	0.86
Outstanding, March 31, 2008	**108,800,129**	**4.01**

11. RELATED PARTY TRANSACTIONS

In addition to related party transactions and balances disclosed elsewhere are the following related party transactions and balances:

- Included in prepaid expenses and deposits is $41,373 (December 31, 2007: $41,373) related to a security deposit for a lease entered into with a company controlled by certain directors.
- Included in amounts capitalised as mineral properties is $995,290 (2007: $592,750) related to the provision of technical services and personnel from companies which are controlled by certain directors and/or senior management of the Company.
- Included in administrative expenses is $146,373 (2007: $Nil) related to the cost of running the Company's Moscow office, these expenses were paid to a company controlled by certain directors.
- Included in consulting expenses is $324,784 (2007: $62,500) related to consulting fees charged by certain directors and/or a company controlled by certain directors in accordance with the terms of consulting contracts that they have with the Company.
- Included in professional fees is $52,345 (2007: $Nil) related to the provision of legal services which were paid to a company controlled by certain directors.
- Included in travel and entertainment expenses is $364,781 (2007: $Nil) related to the provision of travel services which have been supplied by a company which is owned by a director.

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

12. LOAN PAYABLE ON ACQUISITION

In December 2006, the Company acquired a group of Corporación Venezolana de Guayana contracts and concessions granted by the Venezuelan Ministry of Energy and Mines known as Oro88. The contracts and concessions are held by corporations, which were owned beneficially by a director. The purchase price was $5,000,000 of which $2,500,000 was paid on signing of the acquisition agreement, with the balance owing to companies owned by a director and to be paid on or before November 30, 2008.

The loan is unsecured and does not attract interest.

Expressed in U.S. Dollars - unaudited

13. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to

(a) Continue the development and exploration of its mineral properties;

(b) Support any expansion plans and;

(c) Maintain a capital structure which optimises the cost of capital at acceptable risk.

In the management of capital, the Company includes shareholders' equity, cash and short term bank borrowings

As at March 31, 2008, the Company had no bank indebtedness.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the three months ended March 31, 2008.

There are restrictions on the movement of capital into and out of Venezuela which could impact the Company's ability to repatriate funds and therefore, pay dividends.

14. SUPPLEMENTARY DISCLOSURE OF NON-CASH TRANSACTIONS

Non-cash investing and financing transactions that have been excluded from cash flows and are not disclosed elsewhere include:

	March 31, 2008 $	December 31, 2007 $
Accounts Payable - Mineral property expenditures	849,059	2,056,962

	2008 $	2007 $
Stock-based compensation capitalized to mineral properties (Note 10(c))	298,955	64,432

Expressed in U.S. Dollars - unaudited

15. SEGMENTED DISCLOSURE

The acquisition from Gold Fields on November 30, 2007 created a second business segment for the Company. The Company's defined business segments after the Goldfields acquisition are;

a) The exploration of mineral properties.

b) The extraction, processing and sale of gold ore.

In the three months ended March 31, 2008, all revenue was generated in Venezuela and the Company had 8 principal customers There was no revenue in the three months ended March 31, 2007.

	Mineral Exploration	Extraction and Processing	Total
As at and for the three months ended March 31, 2008			
	$	$	$
Canada			
Current assets	8,888,668	-	8,888,668
Property, plant and equipment	207,097	-	207,097
	9,095,765	-	9,095,765
Venezuela			
Current assets	3,222,593	43,410,239	46,632,832
Property, plant and equipment	6,305,180	1,078,875,630	1,085,180,810
Mineral properties	121,314,184	104,757,440	226,071,624
Other long-term assets	1,341,233	58,695	1,399,928
	132,183,190	1,227,102,004	1,359,285,194
Panama			
Current assets	1,120,310	-	1,120,310
Chile			
Current assets	855,000	-	855,000
	855,000	-	855,000
Honduras			
Current assets	35,068	-	35,068
Mineral properties	2,156,973	-	2,156,973
	2,192,041	-	2,192,041
Total assets	145,446,306	1,227,102,004	1,372,548,310
Capital expenditures	6,645,938	2,295,614	8,941,552

Expressed in U.S. Dollars - unaudited

	Mineral Exploration	Extraction and Processing	Total
As at December 31, 2007			
	$	$	$
Canada			
Current assets	31,737,526	-	31,737,526
Property, plant and equipment	179,984	-	179,984
	31,917,510	-	31,917,510
Venezuela			
Current assets	2,603,309	20,355,268	22,958,577
Property, plant and equipment	6,422,039	752,078,719	758,500,758
Mineral properties	114,848,896	73,290,104	188,139,000
Other long-term assets	1,085,975	50,117	1,136,092
	124,960,219	845,774,208	970,734,427
Panama			
Current assets	835,350	-	835,350
Chile			
Current assets	855,000	-	855,000
	855,000	-	855,000
Honduras			
Current assets	33,678	-	33,678
Mineral properties	2,148,252	-	2,148,252
	2,181,930	-	2,181,930
Total assets	160,750,009	845,302,174	1,006,524,217
For the three months ended March 31, 2007			
Capital expenditures	4,144,454	-	4,144,454

	Mineral Exploration March 31, 2008	Extraction and Processing March 31, 2008	Total March 31, 2008	Total December 31, 2007
	$	$	$	$
Revenue	-	11,687,959	11,687,959	-
Cost of goods sold	-	(13,059,554)	(13,059,554)	-
Gross loss	-	(1,371,595)	(1,371,595)	-
Administrative and other	(6,945,312)	(1,690,892)	(8,636,204)	(4,213,836)
Impairment of mineral properties	(238,320)	-	(238,320)	-
Foreign exchange loss	(7,425,411)	-	(7,425,411)	(21,162)
Interest income (expense)	186,197	(31,141)	155,056	325,297
Income tax recovery	-	253,306	253,306	-
Net loss	(14,422,846)	(2,840,322)	(17,263,168)	(3,909,701)

Expressed in U.S. Dollars - unaudited

16. COMMITMENTS AND CONTINGENCIES

(a) Operating Leases

At March 31, 2008, the Company is committed to payments under operating leases for premises as follows:

	$
2008	182,909
2009	243,879
2010	243,879
2011	243,879
2012 and thereafter	324,432
	1,238,978

(b) 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 March 31, 2008 (2007 - $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 that 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 Gold Fields Netherlands Services BV 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. 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.

17. RISKS

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 by the Board of Directors.

Credit Risk

The Company's credit risks are 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 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.

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.

Expressed in U.S. Dollars - unaudited

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.

Any successful challenge to the Company's mineral property title rights would have a seriously detrimental impact on the Company's operations.

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 Honduras and as such, the Company may be affected by political or economic instabilities.

Expressed in U.S. Dollars - unaudited

18. SUBSEQUENT EVENTS

Disposition of Mena Chile

On April 4, 2008, The Company announced that it had completed the sale of its 100% owned 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 million 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
Prepaid expenses	12,075
Mineral properties	805,068
	855,000

19. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current period's presentation.