MIRANDA GOLD CORP.

ANNUAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2008

MIRANDA GOLD
CORP.

Suite 1500 – 701 West Georgia St
Vancouver, BC V7Y 1C6
Canada

Dear Shareholders,

As 2008 began it was our goal at Miranda Gold Corp. to determine which strategies were going to be most effective at bringing value to your investment. In doing so we formulated a plan that would focus on gaining stronger terms (i.e more drilling) on our exploration funding agreements as well as creating a higher level of awareness in global markets for increased liquidity and share price. While we have been successful regarding partner spending and liquidity we have seen a dramatic decline in share price. We are, of course, not alone as the equity markets worldwide have seen the worst declines of our lifetimes. We know these are painful times for investors, but we are also aware that these markets are providing opportunities for well capitalized companies. Miranda Gold has a strong balance sheet and as such we are being approached by companies unable to finance their current programs. Management believes that the number of and quality of opportunities being presented will increase as we move into 2009. We intend to be very selective and will only consider transactions that fit our business model and that add significantly to our value. We are optimistic that the gold equities market will be one of the first sectors to recover and we know that Miranda Gold will prevail as one of the best prospect generators in Nevada.

Miranda Gold's treasury currently sits at CA$11 million. This means that at a share price of CA$0.25 and with 44.8 million shares issued we are trading for cash. Although we are not satisfied with the current share price, many of our peer companies are trading as much as 50% below their cash positions. We feel one of the reasons we have not dropped further in price is the strong backing we have from our long term shareholders. In October 2007 a financing was concluded that brought $4.6 million into our treasury as well as the backing from some of the biggest names in the mining industry: Lukas Lundin and Rick Rule. Miranda Gold's expertise and focus on one of the world's most prolific gold belts is what attracted these investors. Our exploration team includes some of the most talented geologists in the business and our management team counts with some of the best financiers, negotiators and decision makers in the junior sector. Management of our cashed-up treasury has prepared us well for times like those we are experiencing now. This has been accomplished through sound and meticulous planning, and by keeping to our business model even when pressured to do otherwise.

The Joint Venture business model is one that is not easy to execute but that has proven a safe-guard in times like these. This business model tends to also lack the excitement of constant news flow and drill results. However, if you look at those companies who financed every year to support more robust exploration programs you will see that most are now unable to raise money, have a "blown out share structure" and are essentially broke. Exploration is a difficult and very high-risk business. Having identified that as one of the major challenges from the beginning, the Joint Venture model was put in place as one of the main building blocks of the Company. It is this main building block that has allowed for a fully cashed up treasury that could be made to last for as many as seven years. Miranda Gold's current annual burn rate sits at $1.5 million, with partners making expenditures totaling $2 million in 2008.

Although 2008 was a challenging year in that a number of exploration funding agreements were terminated, we were also very successful in securing three new and stronger agreements on five projects. These new agreements, along with five others will bring in exploration expenditures of at least $2 million in 2009. Although we are cognizant of the fact that a discovery has not yet been made, what shareholders should note is that many of our drill programs have proven the existence of gold systems on a number of our projects. If you were to indulge in conversations with our senior geologists, all of whom have made world-class gold discoveries in the past, they would tell you that what we are seeing on our projects are indicative characteristics of Carlin-type disseminated gold systems. It takes quite a bit of time and a substantial amount of money to finally vector into what could be a world-class gold deposit. Our treasury has the money to survive and we trust our shareholders have the patience to see us through to a discovery. Now what we need is a bit of luck!

On a final note, I would like to discuss our share price over the five year period that I have been involved with the Company. We are currently at a share price equal to that of late 2003. This is a price we haven't seen in five years. Those who invested at $0.20 in 2003 were able to see a 10 times appreciation on their investments over a two to three year period that reflected the peak of the commodities rally. The difference between then and now is the following:

- An ounce of gold is at ~$800; it was ~$250 in 2003
- Miranda Gold's technical team is one of the best in Nevada; there was no technical team in 2003
- We now have eight active joint ventures as opposed to none in 2003
- Our treasury sits at $11 million as opposed to several hundred thousand in 2003

We will continue to work hard in 2009 with the hope of providing the type of gains we have achieved in the past. The company, in terms of share structure, treasury and team, was built to survive the cyclical nature of the commodity markets and we plan to outlast this downturn.

As we move into 2009 our management is faced with even tougher challenges ahead. In order to achieve our objective of making the next world-class gold discovery in Nevada we must continue to secure exploration funding. Discussions are ongoing with potential new exploration funding partners on our projects and we will strive to execute new agreements in 2009. We also expect to see significant drill programs on several other key projects. Exploration and discovery is a lengthy process and therefore we must also manage the expectations of our shareholders in regards to the timing of when that objective is met. Rest assured that every dollar spent is done so with that ultimate goal in mind.

I thank my team and you for your continued support and wish us all "a bit of luck" and all the best in 2009.

Sincerely,

Ken Cunningham
President and CEO

December 10th, 2008

MIRANDA GOLD CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED AUGUST 31, 2008

The following discussion is management's assessment and analysis of the results of operations and financial conditions ("MD&A") of Miranda Gold Corp. (the "Company" or "Miranda") and should be read in conjunction with the accompanying audited annual consolidated financial statements and related notes thereto for the years ended August 31, 2008 and 2007.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with Canadian generally accepted accounting principles and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Containing information as at December 15, 2008, except as indicated.

Forward looking statements

This MD&A contains certain forward-looking statements related to, among other things, expected future events, future spending levels and the future financial and operating results of the Company. Forward-looking statements are encouraged to enhance communication but are subject to inherent risks and uncertainties including but not limited to, market and general economic conditions, changes arising as drilling results are received, changes in regulatory environments affecting the Company and the availability and terms of subsequent financings. Other risks and uncertainties are detailed below. Consequently, actual results and events may differ materially from those included in, contemplated or implied by such forward looking statements for a wide variety of reasons.

Overall Performance

Description of Business and Overview of Projects

Miranda is in the natural resource sector engaged in the acquisition, exploration and, given the proper situation, development of mineral properties. The Company's primary focus is on gold exploration. The Company has varying interests in a number of mineral properties, mostly located in Nevada, and is dominantly, but not exclusively, focused on the Cortez Trend.

The majority of the Company's exploration projects are in Nevada, one project is in Utah and the Company is intending to acquire projects in Mexico. The Nevada projects include the Redlich project located in Esmeralda County; the Red Canyon, Fuse (East and West), Red Hill, Coal Canyon, BPV, CONO, ETTU and DAME projects located in Eureka County; the Horse Mountain project located in Lander County; the Iron Point and PPM projects located in Humboldt County; and the Angel Wings and recently acquired PQ projects located in Elko County. The Lookout property is in Tooele County, Utah. In early April 2008 the Company entered into a project generation agreement in Mexico with Y3K Exploration Company LLC, a company owned and controlled by David Griffith. The Company's preferred approach is to joint venture its properties to other companies for more advanced exploration and development.

The Company continues to develop exploration models that define favorable areas or potential locations of large sediment-hosted gold systems based on a geologic understanding of recent developments on the Cortez Trend. Complementing Miranda's efforts to identify direct extensions of the Cortez Trend southeast into the Horse Creek Valley-Pine Valley area, the Company is utilizing Geographic Information Systems (GIS) and regional geological, geophysical and geochemical databases to identify other discrete mineral belts that might be as significant as the Cortez Trend.

The Company has built a track record of successful project definition and acquisitions. The Company shares project risk by joint venturing properties thus providing shareholders exposure to numerous gold exploration projects while at the same time conserving the treasury.

The following is a discussion of material activity during the year and to the date of this report.

This MD&A contains information about properties which we have no right to explore or mine. We advise U.S. investors that the SEC's mining operations disclosure guidelines generally preclude disclosing information of this type in documents filed with the SEC as we must focus on properties in which we do have an interest. U.S. investors are cautioned that mineral deposits on adjacent properties are not necessarily indicative of mineral deposits on our properties.

Horse Mountain, Lander County, Nevada

- On August 15, 2008 the Company signed a definitive agreement, superseding a May 15, 2008 letter of intent, to enter into an exploration agreement with an option to form a joint venture with Newcrest Resources Inc. ("Newcrest"). Newcrest will earn a 60% joint venture interest in the Horse Mountain Property by funding US$3,250,000 in qualified expenditures over a four year period with the first year's work commitment of US$500,000 being an obligation. Thereafter, Newcrest can earn an additional 10% interest by funding an additional US$5,000,000 over a three year period. The joint venture will be formed upon completion of the earn-in period. In addition, Newcrest will meet advance royalty payments to the Lessor which will not count towards Newcrest's earn-in commitment.

- In May 2008 the underlying leaseholder, reduced his net smelter return royalty from 3.5% to 3.0% in exchange for the Company having quitclaimed 20 claims adjoining the Horse Mountain project to him.

- Horse Mountain is a sediment-hosted, disseminated gold project 11 miles west of Barrick's Pipeline Mine complex, in north-central Nevada.

- The property consists of 159 claims that cover a 2 square mile zone of hydrothermally altered chert/quartzite, altered dikes and elevated gold, arsenic, antimony and mercury in the upper-plate of the Roberts Mountains thrust. Below the flat lying Roberts Mountain thrust, previous drilling intersected oxidized, decalcified and gold-bearing carbonate rocks of the Roberts Mountains Formation. This formation is host to numerous world-class gold deposits in both the Carlin and Cortez trends. The 98 ft gold zone intersected in BHM-001 begins at a depth of 926 ft and is hosted in a northeast-striking structurally-high block (horst) of favorable lower-plate carbonate rocks.

- On August 18, 2008 the Company announced that Newcrest had commenced the 2008 drill program at the Horse Mountain project. Newcrest has permitted 13 drill sites and anticipates drilling up to 20,000 ft. Newcrest's drill program aims to vector into higher-grade portions of the Horse Mountain gold system in part by off-setting the known mineralization in hole BHM-001. The program will test structural and gold/arsenic soil geochemical targets north and northeast of drill hole BHM-001, within the northeast-striking structural high. Specifically, the drilling will test for higher-grade gold zones that may be adjacent to faults that acted as conduits for the gold-bearing fluids or higher-grade mineralization that is confined in structural traps. Additional drill holes will test soil geochemical anomalies and structural targets north of drill hole BHM-005.

- By early October 2008, Newcrest had completed 9 drill holes for a total of 18,240 ft with assays pending.

PQ Property, Elko County, Nevada

- In April 2008 the Company leased 36 claims covering one square mile and staked an additional 100 claims totaling 2.75 square miles surrounding the leased claims comprising the PQ Property.

- The PQ Property is located approximately 18 miles east of Wells, Nevada and approximately 8 miles north of the AuEx Ventures Inc. ("AuEx") and Agnico Eagle (USA) Ltd. ("Agnico-Eagle") West Pequop Project. Agnico-Eagle has recently staked claims that adjoin Miranda's PQ Property on the southeast. Many companies are continuing aggressive claim staking in this area of the Pequop Mountains under the premise that the AuEx Long Canyon and West Pequop discoveries may represent a new gold trend in Nevada. The geology on the property is a sedimentary rock sequence including limestone, shale and conglomerate. These rocks are cut by predominately north- and west-northwest-trending faults. Locally, the fault zones control jasperoid and gossan occurrences and are marked by weak silicification and bleaching. Limited rock chip sampling shows weakly anomalous gold and arsenic mineralization, and significantly anomalous mercury, antimony and zinc.

- In 2008 the Company conducted rock chip sampling and limited reconnaissance mapping on the property. No additional anomalies were generated and only the original 36 leased claims were retained. In line with the Company's business model, a joint venture partner will be sought to further explore the PQ project.

Mexico project generation agreement

- In early April 2008 the Company signed an agreement with Y3K Exploration Company LLC ("Y3K"). Pursuant to the agreement, Y3K and its owner/manager, David Griffith, will conduct a project generation program in Mexico to locate and acquire properties having the potential to host "large" deposits of any valuable metals and minerals. The program is funded by and for the benefit of Miranda. Y3K has accumulated an extensive database of potential mineral targets in Mexico and David Griffith has expertise in doing business, exploration and acquiring mining properties situated in Mexico.

- Mr. Griffith has been active in Mexico for 15 years. While working as a geologist for Recursos Cruz del Sur S.A., Mr. Griffith took part in the La Esperanza discovery in 1993, currently known as the Cerro Jumil project that is now wholly-owned by Esperanza Silver Corporation, in the State of Morelos, Mexico.

- Miranda has engaged Y3K on a renewable 12-month contract to conduct a minimum annual exploration program of US$200,000 in calendar 2008. A wholly owned Mexican subsidiary of Miranda is being organized to directly stake or acquire projects identified through the program. Miranda and Y3K will jointly establish the work program and budget.

- This program is a natural progression from the Company's generative exploration in Nevada. A Mexican program will allow the Company to have an active field season twelve months out of the year. The Company's exploration team will assist Mr. Griffith by advancing the acquired projects through exploration in preparation for offering the projects to potential joint venture partners.

- By October 2008 two copper-gold targets have been identified for possible acquisition subject to land availability. Initial reconnaissance evaluation or review of historic and current data has been conducted on both of these projects. The Company does not intend to renew the contract for calendar 2009 but will engage Y3K from time to time as required.

Redlich project, Esmeralda County, Nevada

- On February 20, 2008 Newcrest Resources Inc.("Newcrest") withdrew from the March 4, 2004 exploration and option to joint venture agreement on the Redlich project. Newcrest expended a total of $1,735,687 on exploration that included a 61-hole reverse-circulation drill program as well as a two-hole diamond-drill program for a total footage of 40,568 ft. Extensive geologic mapping and a ground magnetic geophysical survey were also completed during the term of the Newcrest agreement.

- The Company contracted Mine Development Associates, Inc. ("MDA") to review drill and assay data collecting during the previous exploration programs at Redlich. The review consisted of a statistical analysis and examination of data in three-dimensional views. The intent of the review was to assess potential continuity of higher-grade mineralization and to model the epithermal vein system present on the property.

- On March 20, 2008, MDA stated in its findings that the data provides good insight into the project and that there is strong evidence for the existence of a real, and potentially substantial, epithermal deposit on the property.

- MDA found that 55% of all drill-hole samples grading over 0.029 oz Au/t are contained within an approximate east-west plane dipping 45^{o} to the south. The strike length of this plane is approximately 1,150 ft long and extends down dip approximately 590 ft. All drill holes that intersect this plane as defined above have reported intercepts of gold grades greater than 0.029 oz Au/t. The best intercept in the plane is 5-ft of 1.945 oz Au/t.

- Two high-grade drill samples of 0.438 oz Au/t and 0.788 oz Au/t occur to the southeast of the defined plane at a distance of 1,065ft and 5,000ft, respectively. According to MDA, these drill intercepts remain open and only partially tested and represent potential for additional parallel vein sets.

- By evaluating gold and silver grade changes by elevation, MDA found evidence for a favorable horizon for precious metal deposition. Gold values show an increase between 4,265 ft and 4,755 ft in elevation. The trend is more profound for silver and suggests a lower horizon favorable to its deposition, a characteristic not unusual for epithermal precious metal deposits. Miranda's geologic team believes this favorable elevation represents the "boiling zone" at which gold was precipitated from hot fluids during mineral deposition.

- MDA suggests that further exploration is justified and that it should concentrate on the orientation and favorable elevation of the best-fit plane as well as around the two isolated drill intersections of +0.438 oz Au/t.

- Prior exploration drilling was oriented with the belief that the vein trended in a northwesterly direction. MDA's identification and documentation of a best-fit plane to higher-grade gold as well as a favorable vertical horizon for precious metal deposition has helped resolve remaining potential on the project. These results will contribute to the efficient design of subsequent drill programs.

- An illustration of the best-fit plane for Redlich gold mineralization is available on Miranda's website at http://www.mirandagold.com/s/Redlich.asp.

- In September 2008, the Company began evaluating a possible copper-molybdenum porphyry target on the Redlich property.

- The porphyry target was explored with core drilling by Molycorp, Bear Creek, and Amax, Inc. in the early 1960s and Inspiration Development Company ("Inspiration") in the early 1980s. Miranda recently obtained portions of the Inspiration drill core. Miranda re-logged some of the core and submitted for assay a 40 ft (12.2 m) interval from 369 to 409 ft from Inspiration drill hole RH-5. This interval contains visible native copper, chalcopyrite, bornite and copper sulfates within a quartz monzonite intrusion that shows weak silicification and moderate phyllic alteration. Assays for this interval returned 1.33% copper. Several historic drill holes show visible chalcopyrite and molybdenum within quartz veinlets and as fine grained disseminations. Historic assays from Inspiration drill hole EDH-9 show 600 ft of 624 ppm (0.062%) molybdenum from 1000 to 1700 ft. RH-5 and EDH-9 represent the best of 10 known historic holes drilled within the target area.

- A company which holds geothermal rights that overlap the Redlich claims recently completed a test hole on the Redlich property within the area of the porphyry target. This hole went to 1940 ft. Miranda was supplied with 30-ft composite samples from this hole for logging and assaying. Anomalous assay results include 990 ft of 545 ppm (0.055%) copper from 710 to 1700 ft and 780 ft of 161 ppm (0.016%) molybdenum from 710 to 1460 ft.

- Miranda is seeking a joint venture partner to advance either the epithermal gold vein or the copper-molybdenum porphyry target on this property.

Coal Canyon, BPV & CONO, Eureka County, Nevada

- On March 11, 2008 the Company entered into an exploration with option to joint venture agreement with Queensgate Resources Corporation ("Queensgate"). Queensgate may earn a joint venture interest in the Coal Canyon, BPV and CONO projects, located in the heart of northern Nevada's Cortez Gold Trend. These three properties in aggregate comprise 178 unpatented lode mining claims covering 5.8 square miles (15.1 sq km). Queensgate is a privately held company based in Montreal, Quebec.

- Queensgate may earn a 51% joint venture interest in the Coal Canyon, BPV and CONO projects on expending US$3,000,000 in exploration activities and underlying lease payments over a five year period with the first year's US$260,000 expenditure being an obligation.

- Once earned, Queensgate may earn an additional 9% interest by funding an additional US$2,000,000 and can eventually earn up to a 70% interest in all three properties by funding a bankable feasibility study on any one of the properties. The expenditures will include payment of the underlying mineral leases. Queensgate issued 100,000 common shares of Queensgate to the Company on June 15, 2008 and by March 11, 2009 Queensgate must issue the Company another 100,000 common shares of Queensgate.

- Coal Canyon consists of 64 unpatented lode claims ten miles south of Barrick's 12 million ounce Cortez Hills gold deposit. Lands surrounding the Coal Canyon project are largely controlled by Barrick and US Gold. The project covers a large percentage of the Windmill window, a geologic feature exposing favorable lower-plate carbonate rocks. Rocks exposed in the Windmill window are analogous to carbonate rocks that host the nearby multi-million ounce Cortez Hills and Pipeline gold deposits.

- In August 2008 Queensgate completed 1,950 ft of reverse-circulation drilling in two vertical holes at Coal Canyon. No significant assays were reported for Hole MCC-003 that was drilled to a depth of 750 ft and intersected the Roberts Mountains Formation, an attenuated section of the Hanson Creek Formation and the upper Eureka Formation. Zones of hydrothermal alteration (decalcification, silicification and/or iron oxidation) from 40 to 70 ft-thick were focused along the Roberts Mountain/Hanson and Hanson/Eureka formational contacts. Hole MCC-004 was drilled 1,360 ft north of MCC-003 to a depth of 1,200 ft. The hole intersected the lower half of the Roberts Mountains Formation and the upper, middle and a portion of the lower Hanson Creek Formation. Both of these formations are lower plate host rocks to mineralization elsewhere in the Carlin and Cortez Trends. Hydrothermal alteration in the form of decalcification, silicification, sooty pyrite cemented breccias, quartz-dolomite veins and disseminated sphalerite were best developed in the middle and lower Hanson Creek Formation. The hole intersected 10 ft of 0.011 oz Au/t gold from 980 to 990 ft within a sooty pyrite / silica-cemented breccia zone. This mineralization occurred within a larger, lower-grade gold zone that returned 230 ft of 0.004 oz Au/t from 970 to 1,200 ft. The hole ended in anomalous gold mineralization.

- Drill results in MCC-004 are significant as they represent the first Carlin-style, disseminated gold mineralization discovered on the Coal Canyon project. These results will assist in the planning of future drilling programs.

- Past exploration in the Coal Canyon project had focused on the northwest-trending Grouse Creek fault that lies on adjacent claims controlled by others. Historic drilling along this fault has reportedly encountered gold mineralization of up to 85 ft of 0.022 oz Au/t in the Hanson Creek dolomite and the underlying Eureka quartzite. Gold mineralization is associated with altered dikes, iron oxide and silicification.

- The BPV and CONO projects comprised 114 lode mining claims located approximately two miles south of the ET Blue prospect and 8 miles southeast of the Cortez Hills gold deposit. Lands surrounding the project are largely controlled by Barrick. The projects occur within an inferred structural corridor between the gold-bearing Grouse Creek fault at Coal Canyon to the south, mineralization-controlling faults inferred for the ET Blue prospect, and the altered fault boundary of the Cortez lower plate window to the north. CONO is on the southern projection of the inferred horst localizing the ET Blue gold-system. Drill targets have been defined by interpreting pre-existing data including gravity, MT (magneto telluric) profiles, mercury-gas surveys and previous drill holes.

Red Canyon, Eureka County, Nevada

- Effective August 1, 2008 the Company signed a definitive agreement with Montezuma Mines Inc., a subsidiary of CMQ Resources Inc., superseding a letter of intent signed June 5, 2008, (“CMQ”) to enter into an exploration with option to joint venture agreement with the Company on the Red Canyon Property. CMQ may earn a 60% interest by funding US$4,000,000 in qualified expenditures over a five-year period. The first year funding of expenditures, exclusive of property holding costs, of $500,000 is an obligation. CMQ may then elect to earn an additional 10% interest by completing a bankable feasibility study within four years of election or by funding US$10,000,000 in additional exploration.

- CMQ and Miranda geologists are conducting an aggressive exploration program that began in September 2008. The initial plan includes drill testing near-surface targets at the Ice prospect and deeper targets at the Gexa prospect, along with target development in the northern and central portions of the property. Target advancement previous to drilling will include additional soil sampling, geologic mapping and drill hole re-logging in the central portion of the property, and an oxygen/carbon dioxide soil gas survey in pediment covered areas

- The Red Canyon project was, until terminated on March 4, 2008, under a July 12, 2006 exploration and option to joint venture agreement with Romarco Minerals Inc. (“Romarco”). During the term of the agreement Romarco delivered the Company 250,000 common shares of Romarco and expended in excess of US$500,000 to fund exploration on the project including 6,070 ft of reverse-circulation drilling in eight holes completed in November and December 2007. The holes were designed to drill test several “Carlin-Style” disseminated gold targets based on surface mapping, soil geochemistry and interpretation of pre-existing drilling. Results include 85 ft of 0.046 oz Au/g in drill hole ROM07-01 at the Ice Prospect. Please see the Company’s press release dated January 15, 2008 for the full results of the program.

- The Red Canyon project area covers 7.7 square miles consisting of 237 unpatented lode mining claims. The property adjoins U.S. Gold's Tonkin Springs property to the east. The project covers an erosional "window" that exposes altered, brecciated and silicified lower-plate carbonate rocks that are age equivalent to the host rocks at the Cortez Hills discovery. Drilling in 2005 by Newmont Mining Corporation, a previous funding partner identified an extensive hydrothermal system between the Ice and Gexa target areas. Newmont’s holes encountered deep oxidation, moderate to strong silicification and select intervals of fluidized breccias. These alteration features combined with elevated gold confirm the presence of a deeper, previously unrecognized Carlin-style gold system.

<u>Iron Point, Humboldt County, Nevada</u>

- A three-hole drill program, funded by White Bear Resources Ltd. (“White Bear”) at the Company’s Iron Point project was completed in the Spring of 2008. The Iron Point project occurs at the intersection of the Battle Mountain-Eureka and Getchell Trends. Miranda, as service operator to White Bear, designed a drill program that tested three target areas for a total of 3,950 ft (1,204 m). One hole tested a north and northwest-trending fault intersection where favorable limestone shows strong oxidation and silicification. Soils are anomalous in the area and rock samples show values to 0.035 oz Au/t. A second drill hole tested for the contact of Ordovician age rocks with either older or younger rock formations in an area where historic drilling shows thick continuous zones of low–level gold. The third hole tested the footwall of a north trending fault zone that may be a source of significant bedding controlled alteration extending east of the fault.

- Drill cuttings were collected by ALS Chemex and are being held for assay pending White Bear’s Initial Public Offering expected to be completed in 2009.

<u>Angel Wings, Elko County, Nevada</u>

- Angel Wings is a low-sulfidation bonanza-vein and disseminated gold system in northeast Nevada, also optioned to White Bear. Coarse boiling textures (“angel wing textures”) are common in veins on the project.

- Miranda, as service operator to White Bear, designed a 10 hole drill program of approximately 3,500 ft to test surface anomalies and the continuity and deeper extensions of historic drill intercepts. Four drill holes will test down-dip extensions of two outcropping veins that returned rock chip values ranging from 0.010 to 2.700 oz Au/t. One hole will test what appears to be an extension 1 mile north of these veins with values in rock chips ranging from 0.010 to 0.025 oz Au/t. The remaining five holes will test fault controlled and disseminated gold in limestone and basalt in three separate areas of the property. Pending funding from the White Bear Initial Public Offering, the drill permit has been approved and White Bear has reclamation bonding in place.

PPM, Humboldt County, Nevada

- On April 17, 2007 the Company signed an exploration agreement with option to form a joint venture with Piedmont Mining Company Inc. ("Piedmont") whereby Piedmont may earn a joint venture interest in the PPM project. Piedmont will earn a 55% joint venture interest in the property by paying the Company US$25,000 before May 17, 2007 (received) and by completing expenditures of US$1,750,000 for exploration activities over a period of five years. A minimum work expenditure of US$175,000 is required in the first year with expenditure minimums increasing in subsequent years which the Company extended to July 17, 2008. Once the initial earn-in phase of 55% has been reached, Piedmont and the Company will enter into a joint venture agreement for which Piedmont will be the operator. At August 31, 2008 Piedmont had not satisfied its obligations pursuant to this agreement and Piedmont owed the Company $30,558 for exploration costs reimbursable to the Company. Subsequent to then the Company has recovered US$7,000 and is striving to recover the full amount owing.

- A drill program of approximately 15 shallow drill holes, totaling 3,000 ft, has been designed to test the surface of basement highs under the pediment for indications of a gold system. Prior exploration work on the property includes a magnetic survey, a gravity survey, sage brush biogeochemistry and mercury soil gas sampling. A subsequent drill program would drill deeper into the basement depending on results from the initial shallower drilling. The drill permit and reclamation bond are in place for drilling pending Piedmont's ability to finance the program.

Red Hill, Eureka County, Nevada

- Until October 15, 2008, the Company's Red Hill exploration project was under an October 27, 2004 exploration and option to joint venture agreement with Barrick Gold Exploration Inc. ("Barrick").

- In late October 2007 Barrick's reverse-circulation drill program commenced and Barrick completed 11,765 ft of reverse-circulation drilling in six vertical holes expending a total of US$389,000 to in part follow up on BRH-013, which in 2006 intercepted 45 ft 0.237 oz Au/t from 1,920 to 1,965 ft.

- BRH-016 was drilled 650 ft north of BRH-013 and it intersected two vertically-extensive zones of hydrothermal alteration in lower-plate limestone: a) variably decalcified, oxidized and carbon-bearing Devils Gate limestone from 1,360 to 1,785 ft and b) carbon-clay altered Denay limestone with igneous dikes from 2,115 to 2,265 ft. Significant gold was not intersected.

- BRH-021 was drilled 720 ft northwest of BRH-013, along strike of a prominent geophysical resistivity anomaly that guided the placement of BRH-013. The hole intersected two intervals of variably decalcified, silicified and weakly oxidized lower-plate limestone at 1,100 to 1,470 ft and 1,810 to 2,135 ft. Sulfidized igneous dikes, similar to those intersected in the BRH-013 gold-bearing interval, were intersected from 1,810 to 1,860 ft. 10 ft of 0.081 oz Au/t fault-controlled gold mineralization, hosted in decalcified and clay-altered Denay limestone, a characteristic of Carlin-type systems, was intersected from 2,125 to 2,135 ft. BRH-021 also intercepted 5 ft 0.023 oz/Au/t from 1,830 to 1,835 ft.

- On the east side of the property two drill holes BRH-023 and BRH-024 tested pediment-covered targets outboard from a series of historic antimony prospects. The holes were located based on three criteria: 1) prospect pits along the range front exposing strong decalcification, silicification, antimony mineralization and anomalous gold mineralization in lower-plate limestone; 2) gravity data that identified structural features beneath shallow pediment cover, and 3) projected splays of the Long fault. Both holes intersected similar geology: a thin veneer of alluvium, upper plate siliciclastic rocks and a fault that removed the targeted limestone. BRH-023 intercepted 5 ft 0.014 oz/Au/t from 1,070 to 1,075 ft, 5 ft 0.012 oz/Au/t from 1,115 to 1,120 ft and 10 ft 0.013 oz/Au/t from 1,175 to 1,185 ft. BRH-024 intercepted 10 ft 0.013 oz/Au/t from 960 to 970 ft, 5 ft 0.027 oz/Au/t from 1,100 to 1,105 ft and 5 ft 0.013 oz/Au/t from 1,210 to 1,215 ft.

Two drill holes (BRH-017 and BRH-017A) ended prematurely in limestone voids before testing their intended targets.

In October 2008 Barrick completed two deep drill holes at Red Hill. One hole was collared 1,000 ft to the southeast and one hole was 2,450 ft to the west of BRH-013. Based on preliminary results Barrick elected to terminate the agreement on October 15, 2008 prior to a $150,000 payment that would have been required be paid to the Company by October 27, 2008. Barrick had expended US$1.3 million on the Red Hill project not including costs associated with the 2008 drilling.

Miranda geologists strongly believe that additional targets exist in the area of BRH-013 and that the property has not yet been fully tested. Priority targets include the SE-strike extension of the CSAMT anomaly associated with the mineralization in BRH-013. A 1,300 ft by 1,700 ft >20 ppb gold in soil anomaly is developed in a NW-striking syncline, with laterally-extensive hydrothermal alteration. Previous drill holes did not test this shallow target area.

Another target is identified proximal to the historic antimony pits on the east side of the project. Twenty holes were drilled in this area; however only three holes exceeded 700 ft depths. These three holes ended in 35-150 ppb gold. A review of historic drilling should be conducted to determine if the deeper holes intersected the favorable Red Hill member of the Denay, the unit hosting mineralization in BRH-013.

The Red Hill property is comprised of a mining lease covering 79 lode mining claims that occupy a large percentage of the “JD Window”. The JD Window exposes lower-plate carbonate rocks that elsewhere in the Cortez Trend are the host rocks for disseminated gold deposits. Extensive hydrothermal activity has caused argillic alteration, decalcification, widespread iron oxide staining and silicification of the carbonate rocks. Anomalous gold mineralization is located in several prominent faults and is associated with barite and antimony mineralization.

Miranda will be actively seeking a new partner to continue exploration on this property.

Qualified Person

The data disclosed in this MD&A have been reviewed and verified by Company President and CEO Ken Cunningham (M.Sc. and Registered Professional Geologist), a "qualified person" as that term is defined in National Instrument 43-101.

Measurements

Imperial units of measure have been used in this MD&A. To convert Imperial measurements to metric equivalents divide by:

Short tons to tonnes	1.10231

Ounces (troy) to kilograms	32.150
Ounces (troy) to grams	0.03215
Ounces (troy) / short ton to grams/tonne	0.02917
Acres to hectares	2.47105
Miles to kilometres	0.62137
Feet to meters	3.28084

Change in accounting policy

During the year ended August 31, 2007, the Company changed its accounting policy for mineral property exploration expenditures. In prior years, the Company capitalized the acquisition cost of mineral properties and deferred exploration expenditures directly related to specific mineral properties, net of recoveries received. Under the new policy, property exploration expenditures incurred prior to the determination of economic feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

The impact of this change was to decrease mineral properties by $450,965, increase the deficit by $361,249 and increase the loss by $89,716 for the year ended August 31, 2006. The total effect of this change in accounting policy was to decrease mineral properties and increase the deficit by $450,965 as at August 31, 2006.

Results of Operations for the year ended August 31, 2008, 2007 and 2006

The Company incurred a loss of $3,048,182 (2007 - $3,064,083; 2006 - $1,815,340) and a comprehensive loss of $3,079,006 for the year ended August 31, 2008 (2007 - $3,064,083; 2006 - $1,815,340).

Expenses for the year ending August 31, 2008 were $3,670,037 (August 31, 2007 - $3,551,446; August 31, 2006 - $2,277,928). When comparing the expenses on a cash basis by eliminating the non-cash charges for amortization and stock based compensation expense, the cash expenses for the same years are $2,085,358 (August 31, 2007 - $1,932,678; August 31, 2006 - $1,527,576). The increase for the year ended August 31, 2008 was 8% higher than the year ended August 31, 2007 and 36% higher than the year ended August 31, 2006.

Significant differences between the years follow:

Investor relations and travel and business promotion combined to $384,187 for the year ended August 31, 2008 (August 31, 2007 - $365,134; August 31, 2006 - $244,757). The Company's comprehensive market awareness campaign included attendance at investor conferences in North America and Europe.

Consulting fees and wages and benefits combined to $772,534 for the year ending August 31, 2008 (August 31, 2007 - $757,706 August 31, 2006 - $446,486). The Company's President is based in Reno and the Company has four full time employees based in our exploration office in Elko, Nevada.

Management fees for the year ending August 31, 2008 were $12,500 (August 31, 2007 - $42,500, August 31, 2006 - $104,494). The fees for the 2006 fiscal year include a payment of $32,994 to Ubex Capital Inc., a company controlled by a Dennis Higgs, a director, for services related to helping arrange the sale of investment stock held for sale by the Company. Ubex is no longer paid management fees.

Office rent, telephone, secretarial and sundry costs was the next most significant cost for the year ended August 31, 2008 was $130,949 (August 31, 2007 - $148,586; August 31, 2006 - $237,555). Fees paid to a company controlled by Dennis Higgs, a director, for rent, telephone, secretarial, website, internet and office services included in this total were $nil for the year ended August 31, 2008 (August 31, 2007 - $10,000; August 31, 2006 - $127,700) and reimbursements paid to Golden Oak for out-of-pocket office supplies, expenses, telephone and couriers for the year ended August 31, 2008 were $6,740 (August 31, 2007 - $9,216; August 31, 2006 - $nil). In the fiscal year ended August 31, 2006 the Company shared office space and personnel for the Vancouver office.

Property exploration costs in the year ended August 31, 2008 were $583,203 were net of recoveries from funding partners of $449,344 (August 31, 2007 - $397,678 net of $402,442; August 31, 2006 $300,730 net of $91,675). In keeping with the Company's change in accounting policy in 2006 exploration costs are expensed until such time as an economic reserve has been defined on the mineral property and a decision to proceed with development has been made. The Company acts as a service contractor to some of the Company's funding partners on certain properties for which it was paid a management fee of $26,276 in the year ended August 31, 2008 (August 31, 2007 - $37,083; August 31, 2006 - $2,092).

In the year ended August 31, 2008 the Company received mineral property option payments totaling $263,664 (August 31, 2007 - $335,771; August 31, 2006 - $226,663). In accordance with the Company's accounting policy, option payments received are first credited to the individual project's mineral property costs before any remaining portion is recognized as revenue. In the year ended August 31, 2008 the Company recognized $140,946 as mineral property option payments received in excess of cost (August 31, 2007 - $168,331; August 31, 2006 - $103,722).

In fiscal year 2006 the Company received net proceeds of $329,938 from the sale of 8,250,000 common shares of Gulf Coast Oil and Gas.

In fiscal year 2006 the Company was unsuccessful in finding partners to joint venture and fund the exploration costs of the Sampson and Troy projects and the Company wrote off $46,499 of mineral property costs and $4,693 of computer equipment no longer being shared by the Company.

The Company's projects are at the exploration stage and have not yet generated any revenue from production to date. Net losses have increased over the past four years as a result of administrative costs associated with the increase of activity and the Company acquiring several additional mineral projects.

Readers should refer to the notes to the consolidated financial statements for details regarding all the mineral leases and joint venture agreements for each of the Company's properties.

Selected Annual Information

	Fiscal Year Ended August 31 2008 audited	Fiscal Year Ended August 31 2007 audited	Fiscal Year Ended August 31 2006 Audited (restated Note 3)
Income Statement			
Revenue	$621,855	$ 487,363	$ 272,262
Net loss	(3,048,182)	(3,064,083)	(1,815,340)
Net loss per share	(0.07)	(0.08)	(0.05)
Balance Sheet			
Total assets	$12,147,377	$8,284,959	$6,976,088
Long term debt	nil	nil	nil
Dividends	nil	nil	nil

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	August 31 2008 $	May 31 2008 $	Feb 29 2008 $	Nov 30 2007 $	August 31 2007 $	May 31 2007 $	Feb 28 2007 $	Nov 30 2006 $
Revenue	140,635	129,607	122,566	229,047	283,212	80,175	57,304	66,672
Loss for the period	(694,970)	(531,921)	(701,357)	(1,119,934)	(701,667)	(1,063,642)	(704,012)	(594,762)
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.03)	(0.02)	(0.03)	(0.02)	(0.02)

The effect of the change in accounting policy to expense all exploration expenses instead of capitalizing them was taken in the fourth quarter of fiscal year 2007 and the first three quarters of the 2007 fiscal year has not been restated.

The Company is an exploration company. At this time any issues of seasonality or market fluctuations have no impact. The Company currently defers its mineral property costs. The Company expenses its exploration and project investigation and general and administration costs and these amounts are included in the net loss for each quarter. The Company's treasury, in part, determines the levels of exploration.

Liquidity and Capital Resources

The Company's primary source of funds since incorporation has been through the issue of its common stock and the exercise of common stock options and common stock share purchase warrants.

The Company applies the joint venture business model to its operations. Through generative exploration it stakes claims on mineral properties, or acquires the property by way of an option to lease agreement and then seeks a joint venture partner to fund the exploration of the project to earn an interest. In some agreements the Company receives common stock and/or cash option payments as a portion of the joint venture partner's cost to earn an interest.

The Company's revenue from operations to date includes management fees earned from acting as a service contractor to certain exploration funding partners and mineral property option proceeds from properties where all acquisition costs have been recovered. The Company does not anticipate mining revenues from the sale of mineral production in the foreseeable future. The operations of the Company consist of the exploration and evaluation of mining properties and as such the Company's financial success will be dependent on the extent to which it can discover new mineral deposits. The Company anticipates seeking additional equity investment from time to time to fund its activities that cannot be funded through other means.

The Company began the 2008 fiscal year with cash and cash equivalents of $7,481,150. In the year ended August 31, 2008 the Company expended $1,365,013 on operating activities and $122,488 on investing activities and received $5,278,816 from financing activities to end on August 31, 2008 with $11,272,465 in cash and cash equivalents. The cash equivalent component is $10,750,000 which has now been invested in Canadian federal government backed treasury bills and term investment certificates guaranteed by the Bank of Montreal.

On October 3, 2007 Miranda closed a $4,683,000 non-brokered private placement. A total of 4,460,000 units at $1.05 per unit (a "Unit") were issued. Global NR Holding SA, a Luxembourg based holding company which is controlled by the Lundin Family purchased 2,400,000 Units and Exploration Capital Partners 1998-B Limited Partnership which is controlled by The Rule Family Trust purchased 1,465,000 Units. Insiders and other investors purchased the remaining 595,000 Units. Each Unit consisted of one common share (a "Share") and one non-transferable common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder thereof to purchase one additional Share for a period of two years at a purchase price of $1.50 per Share. If, after the expiry of all resale restrictions, the volume-weighted average Share price of Miranda is $2.10 or greater on the TSX Venture Exchange for any consecutive 10 days of trading, Miranda may, at its discretion, provide notice of an earlier expiry date of the Warrants, in which case the Warrants shall expire 30 business days after giving such notice.

During the year ended August 31, 2008 the Company raised a total of $640,438 cash proceeds from the exercise of 563,750 share purchase warrants and $14,850 cash proceeds from the exercise of 55,000 stock options.

There are 7,307,052 common shares reserved for granting pursuant to the shareholder approved stock option plan (the "Plan"). Before the following series of transactions there were 1,173,302 available to grant.

On February 1, 2008 the Directors granted Stock Options to Directors and officers on 1,170,000 shares of the Company's capital stock, exercisable for up to five years at a price of $0.70 per share, which price is the last closing price of the Company's shares prior to the date of grant. The options granted will vest 25% immediately, and 25% every six months thereafter from date of grant and will be subject to any applicable regulatory hold periods.

On February 1, 2008 the Directors re-priced 945,000 stock options previously granted to four employees and one consultant who are not insiders at a price of $0.70 per share. The life of these stock options will remain unchanged.

Finally, the Directors with the consent of the option holders have cancelled 3,095,000 stock options previously granted to Directors and Senior Officers and no new options will be granted to any of these individuals for twelve months.

Management feels these adjustments have been made for the benefit of its shareholders and will provide additional incentive for the technical team upon whom Miranda relies for future exploration successes. At February 1, 2008 the Company effectively reduced the number of stock options outstanding from 5,613,750 options to 3,688,750 options. Subsequent to February 1, 2008 55,000 stock options were exercised so that at December 15, 2008 there were 3,633,750 stock options outstanding that as they vest, and depending on the Company's share price, would be expected to be exercised and would contribute additional cash to the treasury.

At December 15, 2008 the Company had 4,739,750 outstanding share purchase warrants at a weighted average exercise price of $1.49 which if all are exercised will raise $7.1 million.

The Company has sufficient cash to meet its obligations as they come due.

Transactions with Related Parties

The Company incurred charges with directors and officers of the Company and companies with common directors and officers as follows:

		Year ended August 31, 2008	Year ended August 31, 2007	Year ended August 31, 2006
Senate Capital Group Inc. – a company controlled by Dennis Higgs, Director	Office rent, telephone, secretarial and office services	$-	$10,000	$127,700
Ubex Capital Inc. – a company controlled by Dennis Higgs, Director	Management Fees	$12,500	$42,500	$104,494
Golden Oak Corporate Services Ltd. – a company owned by Doris Meyer, Chief Financial Officer	Consulting fees – bookkeeping, accounting, financial reporting services	$89,500	$76,500	$38,500
	Out-of-pocket reimbursement for Miranda share of office supplies and expenses, telephone, postage and courier	$6,740	$9,216	$-
Mine Development & Associates ("MDA") – Steve Ristorcelli a director of the	Consulting fees for a review of drill and assay data on the Company's Redlich project	US$2,916	$-	$-

Company is an
officer and director of
MDA

These transactions are in the normal course of business and are measured at the exchange amount being the amount of consideration established and agreed to by the related parties. All contracts may be terminated on 90 days notice by either party.

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration costs are described in Schedule 1 to the audited consolidated financial statements for the year ended August 31, 2008.

Fourth quarter

The Company began the fourth quarter with $11,601,221 cash and cash equivalents. During the fourth quarter the Company incurred $4,057 of equipment purchases and it expended $324,699 in operating costs to end the quarter and the year with $11,272,465.

Outstanding Share Data as at December 15, 2008

Authorized: an unlimited number of common shares without par value.

	Common Shares Issued and Outstanding	Common Share Purchase Warrants	Stock Options
August 31, 2008 and December 15, 2008	**44,892,010**	**4,739,750**	**3,633,750**

Change in Accounting Policies including Initial Adoption

The Company adopted the following new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants (“CICA).

These accounting policy changes were adopted on a prospective basis on September 1, 2007 with no restatement of prior period financial statements.

The new standards and policies are as follows:

a) Financial Instruments - Recognition and Measurement

In accordance with this new standard in Section 3855 the Company now classifies all financial instruments as held to maturity, available for sale, held for trading or loans and receivables. Financial assets classified as held to maturity, loans and other receivables and financial liabilities other than those held for trading are measured at amortized cost. Available for sale financial instruments are measured at fair market value with unrealized gains and losses recorded in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized in the income statement for the period.

Upon adoption of these new standards, the Company designated its cash and cash equivalents as held-for-trading. Amounts receivable have been classified as loans and receivables. Accounts payable and accrued liabilities have been classified as other financial liabilities. The Company’s investments in marketable securities, previously carried at cost less provision for other than temporary declines in value, are designated as available-for-sale. As a result of the adoption of these recognition and measurement standards for financial instruments the Company recorded an unrealized loss of $30,824 related to its available-for-sale investments in accumulated other comprehensive income.

b) Financial Instruments – Disclosures.

Replaces Section 3861 and provides expanded disclosure requirements that provide additional detail by financial asset and liability categories (see Note 3 to the consolidated financial statements).

c) Financial Instruments – Presentation.

To enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows (see Note 3 to the consolidated financial statements).

d) Capital Disclosures

Establishes standards for disclosing information about an entity's capital and how it is managed (see Note 9 to the consolidated financial statements). Under this standard, the Company will be required to disclose the following:

• qualitative information about its objectives, policies and processes for managing capital;

• summary quantitative data about what it manages as capital;

• whether during the period it complied with any externally imposed capital requirement to which it is subject; and

• when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

e) General Standards of Financial Statement Presentation,

Now to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

f) Comprehensive Income

The standard introduces the concept of comprehensive income, which consists of net income and other comprehensive income ("OCI"). The Company financial statements now include a Statement of Operations and Comprehensive Loss, which includes the components of comprehensive income.

For the Company, OCI is comprised of the unrealized gains on its marketable security investments.

Cumulative changes in OCI are included in accumulated other comprehensive income which is presented as a new category within shareholders' equity on the balance sheet.

g) Hedges

The new standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed. As at August 31, 2008 the Company has not designated any hedging relationships.

Other than the effects on OCI, the adoption of the new standards had no other material impact on the Company's financial statements on or before August 31, 2007, on transition at September 1, 2007 or in the year ended August 31, 2008.

New accounting pronouncements not yet adopted:

International financial reporting standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's transition date of September 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Financial Instruments

All financial instruments are recorded initially at estimated fair value on the balance sheet and classified into one of five categories: held for trading, held to maturity, available for sale, loans and receivables and other liabilities

Financial Risk Management
The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, amounts receivable, and accounts payable and accrued liabilities.

Financial Instrument Risk Exposure
The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk
The Company's only exposure to credit risk is on its bank accounts. Bank accounts are with high credit quality financial institutions.

Liquidity Risk
The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand.

Market Risk
The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

Exchange Risk
As at August 31, 2008 the majority of the Company's cash was held in Canada in Canadian dollars. The Company's significant operations are carried out in Nevada. As a result a portion of the Company's cash, amounts receivable, and accounts payable and accrued liabilities are denominated in United States Dollars and are therefore subject to fluctuation in exchange rates.

Risks

Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge, and careful evaluation fail to overcome. Exploration activities seldom result in the discovery of a commercially viable mineral resource. Exploration activities are also expensive. The Company will therefore require additional financing to carry on its business and such financing may not be available when it is needed.

Disclosure and Internal Controls and Procedures

Management is responsible for establishing and maintaining disclosure controls and procedures for the Company. Based on an evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this MD&A, management believes such controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

The Chief Executive Officer and Chief Financial Officer have designed the internal controls over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

During the year ended August 31, 2008, there has been no change in the Company's internal control over financial reporting that have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Corporate Governance

The Company's management is held accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the Company. The Directors are responsible for reviewing and approving the annual audited financial statements and MD&A. Responsibility for the review and approval of the Company's quarterly unaudited interim financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, all of whom are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

Other Information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's web site www.mirandagold.com.

MIRANDA GOLD
CORP.

CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2008 AND 2007
(Stated in Canadian Dollars)

MORGAN & COMPANY
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
Miranda Gold Corp.

We have audited the consolidated balance sheets of Miranda Gold Corp. as at August 31, 2008 and 2007 and the consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for the years ended August 31, 2008, 2007 and 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at August 31, 2008 and 2007 and the results of its operations and its cash flows for the years ended August 31, 2008, 2007 and 2006 in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada "Morgan & Company"

December 15, 2008 Chartered Accountants

Tel: (604) 687-5841
Fax: (604) 687-0075
www.morgan-cas.com

MEMBER OF jhi

P.O. Box 10007 Pacific Centre
Suite 1488 - 700 West Georgia Street
Vancouver, B.C. V7Y 1A1

MIRANDA GOLD CORP.

CONSOLIDATED BALANCE SHEETS
(Stated in Canadian Dollars)

	AUGUST 31	
	2008	2007
ASSETS		
Current		
Cash and cash equivalents	**$ 11,272,465**	$ 7,481,150
Amounts receivable	**6,820**	197,250
Interest receivable	**234,325**	80,203
GST receivable	**30,421**	15,310
Marketable securities (Note 5)	**84,486**	55,000
Advances and prepaid expenses	**60,707**	80,888
	11,689,224	7,909,801
Equipment (Note 6)	**115,179**	118,385
Mineral properties (Note 7)	**342,974**	256,773
	$ 12,147,377	$ 8,284,959
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 143,909**	$ 86,797
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	**22,718,993**	18,589,310
Contributed surplus (Note 8)	**4,527,306**	3,001,804
Warrants (Note 8)	**1,168,817**	-
Accumulated other comprehensive income	**29,486**	-
Deficit	**(16,441,134)**	(13,392,952)
	12,003,468	8,198,162
	$ 12,147,377	$ 8,284,959

Nature of Operations (Note 1)
Commitments (Note 10)
Subsequent Events (Note 7)

Approved on behalf of the Board of Directors:

"Kenneth Cunningham" — Director

"G. Ross McDonald" — Director

See notes to consolidated financial statements

MIRANDA GOLD CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Stated in Canadian Dollars)

	YEARS ENDED AUGUST 31		
	2008	2007	2006 (restated Note 4)
Revenue			
Management fees earned	**$ 26,276**	$ 37,083	$ 2,092
Mineral property income	**140,946**	168,331	103,722
Interest	**454,633**	281,949	166,448
	621,855	487,363	272,262
Expenses			
Amortization	**43,799**	34,867	34,937
Consulting	**110,460**	103,649	97,473
Interest and foreign exchange	**4,655**	54,333	16,052
Insurance	**53,940**	37,122	40,122
Investor relations	**258,868**	295,833	104,836
Office rent, telephone, secretarial, sundry	**130,949**	148,586	237,555
Professional fees	**66,375**	66,408	102,758
Management fees (Note 11)	**12,500**	42,500	104,494
Property exploration costs (Schedule 1)	**583,203**	397,678	300,730
Stock based compensation	**1,540,880**	1,583,901	715,415
Travel and business promotion	**125,319**	69,301	139,921
Transfer agent and regulatory fees	**77,015**	63,211	34,622
Wages and benefits (Note 11)	**662,074**	654,057	349,013
	3,670,037	3,551,446	2,277,928
Operating loss	**(3,048,182)**	(3,064,083)	(2,005,666)
Gain on sale of investment (Note 5)	**-**	-	241,938
Loss on disposal of equipment	**-**	-	(420)
Write off of equipment	**-**	-	(4,693)
Write off of abandoned mineral properties	**-**	-	(46,499)
Net loss for the year	**(3,048,182)**	(3,064,083)	(1,815,340)
Unrealized loss on marketable securities (Note 5)	**(30,824)**	-	-
Comprehensive loss for the year	**$ (3,079,006)**	$ (3,064,083)	$ (1,815,340)
Basic and diluted loss per share	**$ (0.07)**	$ (0.08)	$ (0.05)
Weighted average number of shares outstanding	**44,389,119**	38,215,329	33,991,092

See notes to consolidated financial statements

MIRANDA GOLD CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Stated in Canadian Dollars)

	YEARS ENDED AUGUST 31		
	2008	**2007**	**2006**
			(restated Note 4)
Cash provided by (used in):			
Operating activities			
Net loss for year	**$ (3,048,182)**	$ (3,064,083)	$ (1,815,340)
Items not affecting cash:			
Amortization	**43,799**	34,867	34,937
Accrued interest income	**(154,122)**	(70,910)	15,782
Stock based compensation	**1,540,880**	1,583,901	715,415
Loss on sale equipment	**-**	-	420
Write-off of abandoned mineral properties	**-**	-	46,499
Write-off of equipment	**-**	-	4,693
Gain on sale of investment	**-**	-	(241,938)
Non cash mineral property income	**-**	(29,399)	-
Change in non-cash working capital items:			
Amounts receivable	**190,430**	(169,667)	(13,558)
GST receivable	**(15,111)**	(10,743)	(459)
Advances and prepaid expenses	**20,181**	(16,259)	32,199
Accounts payable and accrued liabilities	**57,112**	(2,360)	(11,549)
	(1,365,013)	(1,744,653)	(1,232,899)
Investing activities			
Proceeds on sale of investment	**-**	-	329,938
Mineral property option recoveries	**-**	130,514	122,941
Proceeds on sale of equipment	**-**	-	350
Equipment purchases	**(40,593)**	(45,972)	(27,475)
Mineral property acquisitions	**(81,895)**	(81,944)	(56,771)
	(122,488)	2,598	368,983
Financing activities			
Issue of share capital	**5,338,288**	2,773,838	4,258,494
Share issue costs	**(59,472)**	-	(48,060)
	5,278,816	2,773,838	4,210,434
Increase in cash and cash equivalents	**3,791,315**	1,031,783	3,346,518
Cash and cash equivalents, beginning of year	**7,481,150**	6,449,367	3,102,849
Cash and cash equivalents, end of year	**$ 11,272,465**	$ 7,481,150	$ 6,449,367
Cash and cash equivalents is comprised of:			
Cash	**$** 522,465	$ 481,150	$ 567,952
Short-term deposits	10,750,000	7,000,000	5,881,415
	$ 11,272,465	$ 7,481,150	$ 6,449,367

Supplemental disclosure of non-cash financing and investing activities note 13.

See notes to consolidated financial statements

MIRANDA GOLD CORP.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Stated in Canadian Dollars)

	Number of Shares	Share capital	Contributed Surplus	Warrants	Accumulated other comprehensive income	Deficit	Total Shareholders' equity
Balance, August 31, 2005	28,768,760	$ 10,493,824	$ 1,780,749	$ -	$ -	$ (8,062,564)	$ 4,212,009
Adjustment for adoption of accounting policy (Note 4)						(361,249)	(361,249)
Balance, August 31, 2005, as restated	28,768,760	10,493,824	1,780,749	-	-	(8,423,813)	3,850,760
Share issues:							-
Private placement	2,060,000	1,854,000	-	-	-	-	1,854,000
Share issue costs		(102,060)	-	-	-	-	(102,060)
Exercise of stock options	2,348,500	2,013,614	(788,770)	-	-	-	1,224,844
Exercise of warrants	3,089,250	1,268,637	(34,987)	-	-	-	1,233,650
Stock based compensation	-	-	715,415	-	-	-	715,415
Fair value of share purchase warrants issued pursuant to a mineral property agreement	-	-	15,378				15,378
Net loss	-	-				(1,815,340)	(1,815,340)
Balance, August 31, 2006	36,266,510	15,528,015	1,687,785	-	-	(10,239,153)	6,976,647
Adjustment for adoption of accounting policy (Note 4)	-	-	-	-	-	(89,716)	(89,716)
Balance, August 31, 2005, as restated	36,266,510	15,528,015	1,687,785	-	-	(10,328,869)	6,886,931
Share issues:							
Exercise of warrants	2,494,500	2,371,725	(12,300)				2,359,425
Exercise of stock options	798,750	689,570	(275,157)				414,413
Fair value of share purchase warrants issued pursuant to a mineral property agreement	-	-	17,575	-	-	-	17,575
Stock based compensation			1,583,901				1,583,901
Net loss						(3,064,083)	(3,064,083)
Balance, August 31, 2007	39,559,760	18,589,310	3,001,804	-	-	(13,392,952)	8,198,162
Adjustment for adoption of accounting policy (Note 2)	-	-	-	-	60,310	-	60,310
Share issues:							
Private placement	4,460,000	3,581,118	-	1,101,882	-	-	4,683,000
Finders' fee	253,500	203,546	-	62,629	-	-	266,175
Share issue costs	-	(325,647)	-		-	-	(325,647)
Exercise of warrants	563,750	655,816	(15,378)		-	-	640,438
Exercise of stock options	55,000	14,850	-		-	-	14,850
Fair value of share purchase warrants issued pursuant to a mineral property agreement	-	-	-	4,306	-	-	4,306
Stock based compensation	-	-	1,540,880		-	-	1,540,880
Net loss	-	-	-	-	-	(3,048,182)	(3,048,182)
Unrealized loss on marketable securities	-	-	-	-	(30,824)	-	(30,824)
Balance, August 31, 2008	**44,892,010**	**$ 22,718,993**	**$ 4,527,306**	**$ 1,168,817**	**$ 29,486**	**$ (16,441,134)**	**$ 12,003,468**

See notes to consolidated financial statements

MIRANDA GOLD CORP.

SCHEDULE 1
PROPERTY EXPLORATION COSTS
(Stated in Canadian Dollars)

	Year ended August 31, 2008		
	Exploration Expenditures	Recoveries from funding partners	**Net Exploration Expenditures**
Nevada:			
Angel Wings	$ 179,373	$ (179,373)	**$ -**
BPV	7,942	(7,585)	**357**
Coal Canyon	33,923	(32,989)	**934**
CONO	11,425	(10,796)	**629**
DAME	22,107	-	**22,107**
ETTU	244	-	**244**
General exploration	263,377	-	**263,377**
Horse Mountain	5,249	-	**5,249**
Iron Point	142,483	(142,483)	**-**
PPM	45,100	(14,542)	**30,558**
Pequop	8,412	-	**8,412**
Red Canyon	53,418	(51,508)	**1,910**
Red Hill	13,031	(10,068)	**2,963**
Redlich	54,689	-	**54,689**
	840,773	(449,344)	**391,429**
Utah:			
Lookout	44,557	-	**44,557**
Mexico:			
Property investigation costs	147,217	-	**147,217**
Property exploration costs	$ 1,032,547	$ (449,344)	**$ 583,203**

	Year ended August 31, 2007		
	Exploration Expenditures	Recoveries from funding partners	Net Exploration Expenditures
Nevada:			
Angel Wings	$ 94,342	$ (88,702)	$ 5,640
BPV	9,135	-	9,135
Coal Canyon	71,492	(50,357)	21,135
CONO	15,664	-	15,664
DAME	4,487	-	4,487
ETTU	4,638	-	4,638
General exploration	174,684	-	174,678
Horse Mountain	1,258	-	1,258
Iron Point	159,384	(156,866)	2,518
PPM	17,795	(2,764)	15,031
Red Canyon	106,604	(103,753)	2,851
Red Hill	2,365	-	2,365
Redlich	4,264	-	4,264
	666,112	(402,442)	263,664
Utah:			
Lookout	134,014	-	134,014
Property exploration costs	$ 800,126	$ (402,442)	$ 397,678

	Year ended August 31, 2006		
	Exploration Expenditures	Recoveries from funding partners	Net Exploration Expenditures
Nevada:			
Angel Wings	$ 34,256	$ -	$ 34,256
BPV	3,660	-	3,660
Coal Canyon	30,835	(34,107)	(3,272)
CONO	7,331	-	7,331
DAME	51,139	-	51,139
ETTU	12,594	-	12,594
Fuse	252	(37,107)	(36,855)
General exploration	111,422	-	111,422
Horse Mountain	9,314	(20,461)	(11,147)
Iron Point	77,517	-	77,517
PPM	28,840	-	28,840
Red Canyon	15,061	-	15,061
Red Hill	3,210	-	3,210
Redlich	2,926	-	2,926
	388,357	(91,675)	296,682
Utah:			
Lookout	4,048	-	4,048
Property exploration costs	$ 392,405	$ (91,675)	$ 300,730

See notes to consolidated financial statements

1. NATURE OF OPERATIONS

Miranda Gold Corp. (the "Company") is incorporated in British Columbia, Canada, and is in the business of acquiring and exploring mineral properties in the western United States and Mexico and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts spent for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise additional funds to continue operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. To date the Company has not earned significant revenues and is considered a company in the exploration stage. Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. As at August 31, 2008, the Company had an accumulated deficit of $16,441,134 and working capital of $11,545,315.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation and Consolidation

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles. They include the accounts of the Company and its wholly owned U.S. subsidiary, Miranda U.S.A., Inc. The Company's wholly owned Mexican subsidiary, Minas Miranda S.A. de C.V. is inactive. Significant intercompany transactions and balances were eliminated on consolidation.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses for the periods reported. Actual results could differ from these estimates. Significant estimates and assumptions include those related to the recoverability of deferred mineral property expenditures, estimated useful lives of capital assets, determination as to whether costs are expensed or deferred, the existence of asset retirement obligations, stock based compensation valuations and values ascribed to related party transactions and balances and future income tax assets and liabilities.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock based compensation and share purchase warrants issued in a private placement of units. The Company uses historical data to determine volatility in accordance with Black-Scholes modelling, however the future volatility is inherently uncertain and the model has its limitations. While these estimates can have a material impact on share based compensation and hence results of operations, there is no impact on the Company's financial condition.

c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid short term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Equipment

Equipment is recorded at cost and is amortized over the economic lives using the declining balance method using the following rates:

Computer equipment	30%
Field equipment	25%
Furniture and fixtures	20%

e) Mineral Properties and Exploration Expenditures

Mineral property exploration expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

Mineral property acquisition costs are capitalized and include cash consideration and the fair value of common shares and warrants issued for mineral property interests. For property acquired under an option agreement or by joint venture, where payments are made at the sole discretion of the Company, payments are recorded in the accounts at the time of payment. These costs are amortized over the estimated life of the property following commencement of commercial production. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Mineral property option payments received are first credited to the individual project's mineral property costs before any remaining portion is recognized as revenue.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

f) Impairment of Long-Lived Assets

The Company periodically evaluates the recoverability of its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when estimated future cash flows resulting from the use of an asset and its eventual disposition is less than its carrying amount.

A mining enterprise in the development stage is not obliged to conclude that capitalized costs have been impaired due to the absence of a projected estimated future net cash flow from the mining enterprise. Mineral properties in the development stage do not have established mineral reserves and a basis for the preparation of a projection of the estimated future net cash flow from the properties does not exist. However, a mining enterprise is required to consider the conditions for impairment write-down. The conditions include significant unfavourable economic, legal, regulatory, environmental, political and other factors. In addition management's development activities towards its planned principal operations are a key factor considered as part of the ongoing assessment of the recoverability of the carrying amount of mineral properties. Whenever events or changes in circumstances indicate that the carrying amount of a mineral property in the exploration stage may be impaired the capitalized costs is written down to the estimated recoverable amount. No impairment was identified at August 31, 2008.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Income Taxes

Income taxes are calculated using the asset and liability method of accounting. Under this method current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on temporary differences between the tax basis of an asset or liability and its carrying amount on the balance sheet and on unclaimed losses carried forward. Future income tax liabilities or assets are calculated using the tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. A valuation allowance is recognized to the extent that the recoverability of future income tax assets is not considered more likely than not.

h) Loss per Share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares issued and outstanding during the year. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. Basic and diluted loss per share is equal for the years ended August 31, 2008, 2007 and 2006 as outstanding stock options and warrants were all anti-dilutive.

i) Foreign Currency Translation

These financial statements are presented in Canadian dollars unless otherwise stated. Transactions recorded in United States dollars have been translated into Canadian dollars using the Temporal Method as follows:

i) monetary items at the rate prevailing at the balance sheet date;
ii) non-monetary items at the historical exchange rate;
iii) revenue and expense at the average rate in effect during the applicable accounting period.

Gains or losses arising on translation are included in the results of operations.

j) Asset Retirement Obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. As at August 31, 2008 and 2007, the Company had no material asset retirement obligations in respect to its mineral properties interests.

k) Share capital

The Company records proceeds from share issuances, net of issue costs. Shares issued for consideration other than cash are valued at the quoted market price on the date the agreement to issue the shares was reached and announced for business combinations and at the date of issuance for other non-monetary transactions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Warrants

The Company accounts for warrants using the relative fair value method. Under this method, the value of warrants issued is measured at fair value at the issue date using the Black-Scholes valuation model and recorded as share capital if and when the warrants are exercised. If the warrants expire unexercised the value of the warrants issued is transferred from Warrants to Contributed Surplus.

m) Stock Based Compensation

The Company's Stock Option Plan provides for granting of stock options to directors, officers, employees and consultants. The Company's stock compensation expense is based on the fair value of the options on the date of grant, determined using the Black-Scholes option-pricing model. Compensation costs are expensed over vesting periods with a corresponding increase to contributed surplus. Stock options issued to outside consultants that vest over time are valued at the grant date and recorded using the straight line method over the vesting period and subsequently re-valued and adjusted on each vesting date. Upon exercise of the stock options consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

n) Comparative Figures

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

New accounting standards:

The Company adopted the following new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants ("CICA).

These accounting policy changes were adopted on a prospective basis on September 1, 2007 with no restatement of prior period financial statements.

The new standards and policies are as follows:

o) Financial Instruments - Recognition and Measurement (Section 3855).

In accordance with this new standard the Company now classifies all financial instruments as held to maturity, available for sale, held for trading or loans and receivables. Financial assets classified as held to maturity, loans and other receivables and financial liabilities other than those held for trading are measured at amortized cost. Available for sale financial instruments are measured at fair market value with unrealized gains and losses recorded in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized in the income statement for the period.

Upon adoption of these new standards, the Company designated its cash and cash equivalents as held-for-trading. Amounts receivable have been classified as loans and receivables. Accounts payable and accrued liabilities have been classified as other financial liabilities. The Company's investments in marketable securities, previously carried at cost less provision for other than temporary declines in value, are designated as available-for-sale. As a result of the adoption of these recognition and measurement standards for financial instruments the Company recorded an unrealized loss of $30,824 related to its available-for-sale investments in accumulated other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards (continued):

p) Financial Instruments – Disclosures.

Replaces Section 3861 and provides expanded disclosure requirements that provide additional detail by financial asset and liability categories (see Note 3).

q) Financial Instruments – Presentation.

To enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows (see Note 3).

r) Capital Disclosures

Establishes standards for disclosing information about an entity's capital and how it is managed (see Note 9). Under this standard, the Company will be required to disclose the following:

- qualitative information about its objectives, policies and processes for managing capital;
- summary quantitative data about what it manages as capital;
- whether during the period it complied with any externally imposed capital requirement to which it is subject; and
- when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

s) General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity's ability to continue as a going concern (see Note 1).

t) Comprehensive Income

The standard introduces the concept of comprehensive income, which consists of net income and other comprehensive income ("OCI"). The Company financial statements now include a Statement of Operations and Comprehensive Loss, which includes the components of comprehensive income.

For the Company, OCI is comprised of the unrealized gains and losses on its marketable security investments.

Cumulative changes in OCI are included in accumulated other comprehensive income which is presented as a new category within shareholders' equity on the balance sheet.

u) Hedges

The new standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed. As at August 31, 2008 the Company has not designated any hedging relationships.

Other than the effects on OCI, the adoption of the new standards had no other material impact on the Company's financial statements on or before August 31, 2007, on transition at September 1, 2007 or in the year ended August 31, 2008.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements not yet adopted:

International financial reporting standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's transition date of September 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. FINANCIAL INSTRUMENTS

All financial instruments are recorded initially at estimated fair value on the balance sheet and classified into one of five categories: held for trading, held to maturity, available for sale, loans and receivables and other liabilities

Financial Risk Management
The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, amounts receivable, and accounts payable and accrued liabilities.

Financial Instrument Risk Exposure
The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk
The Company's only exposure to credit risk is on its bank accounts. Bank accounts are with high credit quality financial institutions.

Liquidity Risk
The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand.

Market Risk
The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

Exchange Risk
As at August 31, 2008 the majority of the Company's cash was held in Canada in Canadian dollars. The Company's significant operations are carried out in Nevada. As a result a portion of the Company's cash, amounts receivable, and accounts payable and accrued liabilities are denominated in United States Dollars and are therefore subject to fluctuation in exchange rates.

4. CHANGE IN ACCOUNTING POLICY

During the year ended August 31, 2007, the Company changed its accounting policy for mineral property exploration expenditures. In prior years, the Company capitalized the acquisition cost of mineral properties and deferred exploration expenditures directly related to specific mineral properties, net of recoveries received. Under the new policy, property exploration expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

The impact of this change was to decrease mineral properties by $450,965, increase the deficit by $361,249 and increase the loss by $89,716 for the year ended August 31, 2006. The total effect of this change in accounting policy was to decrease mineral properties and increase the deficit by $450,965 as at August 31, 2006.

5. MARKETABLE SECURITIES

At August 31, 2008, the Company has the following marketable securities recognized at fair value:

Available-for-sale Securities	**Number of Shares**	**Cost**	**Accumulated unrealized holding gains (loss)**	**Fair Value**
Publicly traded companies:				
Golden Aria Corp.	250,000	$ -	$ 40,736	$ 40,736
Romarco Minerals Inc.	250,000	55,000	(11,250)	43,750
		55,000	29,486	84,846
Non-public companies:				
White Bear Resources Inc.	200,000	-	-	-
Queensgate Resources Corporation	100,000	-	-	-
		$ 55,000	$ 29,486	$ 84,486

At August 31, 2007, the Company has the following marketable securities recognized at cost:

Available-for-sale Securities	**Number of Shares**	**Cost**	**Fair Value**
Publicly traded companies:			
Golden Aria Corp.	250,000	$ -	$ 52,810
Romarco Minerals Inc.	250,000	55,000	62,500
		55,000	115,310
Non-public companies:			
White Bear Resources Inc.	200,000	-	-
		$ 55,000	$ 115,310

On September 1, 2007, pursuant to the adoption of Section 3855, Financial Instruments – Recognition and Measurement, the Company recorded an adjustment to increase the carrying value of marketable securities by $60,310 with a corresponding adjustment to accumulated other comprehensive income. The adjustment represents the after-tax unrealized gain on available-for-sale marketable securities held by the Company at September 1, 2007.

During the year ended August 31, 2008 the Company recognized an unrealized loss of $30,824 (2007 - $nil) on marketable securities.

5. MARKETABLE SECURITIES (continued)

The Company sold all of its common shares of Gulf Coast Oil & Gas (formerly Otish Mountain Diamond Company) in fiscal year 2006 for a gain on investment of $241,938.

6. EQUIPMENT

	August 31, 2008		
	Cost	**Accumulated Amortization**	**Net Book Value**
Computer equipment	**$ 107,392**	**$ (59,556)**	**$ 47,836**
Furniture and fixtures	**17,002**	**(7,306)**	**9,696**
Field equipment	**141,711**	**(84,064)**	**57,647**
	$ 266,105	**$ (150,926)**	**$ 115,179**

	August 31, 2007		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 83,074	$ (35,555)	$ 47,519
Furniture and fixtures	13,035	(5,243)	7,792
Field equipment	129,405	(66,331)	63,074
	$ 225,514	$ (107,129)	$ 118,385

7. MINERAL PROPERTIES

note		August 31, 2007	Additions	Recoveries	**August 31, 2008**
	Nevada:				
a	Redlich	$ -	$ 15,500	$ -	**$ 15,500**
b	Red Canyon	-	48,356	(48,356)	**-**
c	BPV	11,325	-	-	**11,325**
c	CONO	11,325	-	-	**11,325**
c	Coal Canyon	11,325	-	-	**11,325**
d	Red Hill	-	20,102	(20,102)	**-**
e	Fuse	-	-	-	**-**
f	ETTU	25,925	-	-	**25,925**
g	Horse Mountain	-	39,569	-	**39,569**
h	DAME	72,584	-	-	**72,584**
i	Iron Point	63,555	15,251	(15,251)	**63,555**
j	Angel Wings	60,734	39,009	(39,009)	**60,734**
k	PPM	-	-	-	**-**
l	PQ	-	31,132	-	**31,132**
	Mineral properties	$ 256,773	$ 208,919	$ (122,718)	**$ 342,974**

note		August 31, 2006	Additions	Recoveries	**August 31, 2007**
	Nevada:				
a	Redlich	**$ -**	$ 26,100	$ (26,100)	**$ -**
b	Red Canyon	**33,488**	-	(33,488)	**-**
c	BPV	**-**	11,325	-	**11,325**
c	CONO	**-**	11,325	-	**11,325**
c	Coal Canyon	**-**	11,325	-	**11,325**
d	Red Hill	**-**	-	-	**-**
e	Fuse	**28,015**	-	(28,015)	**-**
f	ETTU	**25,925**	-	-	**25,925**
g	Horse Mountain	**12,855**	-	(12,855)	**-**
h	DAME	**72,584**	-	-	**72,584**
i	Iron Point	**86,095**	-	(22,540)	**63,555**
j	Angel Wings	**55,264**	39,444	(33,974)	**60,734**
k	PPM	**10,468**	-	(10,468)	**-**
	Mineral properties	**$ 324,694**	$ 99,519	$ (167,440)	**$ 256,773**

7. MINERAL PROPERTIES (continued)

a) Redlich Property, Esmeralda County, Nevada

On January 23, 2008 the Company paid the final $11,194 (US$11,250) and issued the final 15,000 two year share purchase warrants at an exercise price of $0.55 and a fair value of $4,306 (US$4,250) to complete the purchase of the Redlich Property subject to the owner retaining a 3% Net Smelter Return ('NSR') royalty. Upon completion of a bankable feasibility study, the Company has the option to buy two percentage points of the NSR for US$1,000,000 per percentage point.

From March 4, 2004 until it was terminated on February 20, 2008 Newcrest Resources Inc. ("Newcrest") had an exploration with option to joint venture agreement with the Company. During the term of the agreement Newcrest paid the Company US$135,000 and incurred US$1,735,687 in exploration expenditures.

b) Red Canyon Property, Eureka County, Nevada

On November 18, 2003 the Company entered into a 20-year mining lease for the Red Canyon property with a $1,000 purchase option on completion of the following payments and share purchase warrant issues. The owner retains a NSR royalty of 3% if the price of gold is below US$300 per ounce; 4% if the price of gold is between US$300 and US$400 per ounce; and 5% if the price of gold is over US$400 per ounce. Upon completion of a bankable feasibility study the Company has the option to buy two percentage points of the NSR for US$1,000,000 per percentage point.

Mining Lease Due Dates	Cash consideration to be paid to Lessor US$	Two year share purchase warrants to be issued to Lessor
Prior to August 31, 2005 (paid and issued)	25,000	75,000 @Cdn$0.37
November 18, 2005 (paid)	35,000	
November 18, 2006 (paid)	40,000	-
November 18, 2007 (paid)	50,000	-
November 18, 2008 (paid subsequently)	50,000	-
November 18, 2009 to 2012 at $75,000 per year	300,000	-
November 18, 2013 to 2023 at $100,000 per year (subject to inflation adjustment beginning in 2019)	1,100,000	-
Total consideration	**1,600,000**	**75,000**

From July 12, 2006 until it was terminated on March 4, 2008 Romarco Minerals Inc. ("Romarco") had an exploration with option to joint venture agreement with the Company. During the term of the agreement Romarco delivered the Company 250,000 common shares of Romarco and expended in excess of US$500,000 in exploration expenditures, including a 6,000 foot drill program.

On August 1, 2008 the Company signed a definitive agreement with Montezuma Mines Inc., a subsidiary of CMQ Resources Inc. ("CMQ"), superseding a letter of intent signed June 5, 2008, to enter into an exploration with option to joint venture agreement with the Company on the Red Canyon Property with an effective date of August 1, 2008. CMQ may earn a 60% interest by funding US$4,000,000 in qualified expenditures over a five-year period. CMQ may then elect to earn an additional 10% interest by completing a bankable feasibility study within four years of election or by funding US$10,000,000 in additional exploration.

7. MINERAL PROPERTIES (continued)

b) Red Canyon Property, Eureka County, Nevada (continued)

Due Dates	Exploration Expenditures US$
August 1, 2009 (obligation)	500,000
August 1, 2010	500,000
August 1, 2011	750,000
August 1, 2012	1,000,000
August 1, 2013	1,250,000
Total consideration	**4,000,000**

c) BPV, CONO and Coal Canyon Properties, Eureka County, Nevada

On May 27, 2004, the Company entered into two 20-year mining leases for the BPV and CONO properties, with a sliding production royalty between 2.5% to 5% depending on the price of gold and subject to buy down provisions to 2%, for the following consideration.

Mining Lease Due Dates	Cash consideration to be paid to Lessor for BPV Lease US$	Cash consideration to be paid to Lessor for CONO lease US$
Prior to August 31, 2005 (paid)	12,500	12,500
May 27, 2006 (paid)	6,250	6,250
May 27, 2007 (paid)	10,000	10,000
May 27, 2008 (paid)	10,000	10,000
May 27, 2009	12,500	12,500
May 27, 2010	15,000	15,000
May 27, 2011 and 2012 - $30,000 each year	60,000	60,000
May 27, 2013 and 2014 - $40,000 each year	80,000	80,000
May 27, 2015 $50,000 and each year thereafter to be adjusted for inflation	500,000	500,000
Total consideration	**706,250**	**706,250**

On May 27, 2004, the Company entered into a 20-year mining lease for the Coal Canyon property, with a sliding production royalty between 2.5% to 5% depending on the price of gold and subject to buy down provisions to 2%, for the following consideration.

Mining Lease Due Dates	Cash consideration to be paid to Lessor US$
Prior to August 31, 2005 (paid)	12,500
May 27, 2006 (paid)	6,250
May 27, 2007 (paid)	10,000
May 27, 2008 (paid)	10,000
May 27, 2009	12,500
May 27, 2010	15,000
May 27, 2011 and 2012 - $30,000 each year	60,000
May 27, 2013 and 2014 - $40,000 each year	80,000
May 27, 2015 $50,000 and each year thereafter to be adjusted for inflation	500,000
Total consideration	**706,250**

7. MINERAL PROPERTIES (continued)

c) BPV, CONO and Coal Canyon Properties, Eureka County, Nevada (continued)

On March 11, 2008 the Company entered into an exploration agreement with an option to form a joint venture with Queensgate Resources Corporation ("Queensgate"). Queensgate may earn a 51% joint venture interest in the Coal Canyon, BPV and CONO projects on expending US$3,000,000 in exploration activities over a five year period. Once earned, Queensgate may earn an additional 9% interest by funding an additional US$2,000,000 and can eventually earn up to a 70% interest in all three properties by funding a bankable feasibility study on any one of the properties. The expenditures include payment of the underlying mineral leases. Queensgate issued 100,000 common shares of Queensgate to the Company on June 15, 2008 and by March 11, 2009 Queensgate will issue the Company another 100,000 common shares of Queensgate.

Due Dates	**Exploration Expenditures US$**
March 11, 2009 (obligation)	260,000
March 11, 2010	440,000
March 11, 2011	600,000
March 11, 2012	700,000
March 11, 2013	1,000,000
Total consideration	**3,000,000**

d) Red Hill Property, Eureka County, Nevada

On May 27, 2004, the Company entered into a 20-year mining lease for the Red Hill property, with a sliding production royalty between 2.5% to 5% depending on the price of gold and subject to buy down provisions to 2%, for the following consideration.

Mining Lease Due Dates	**Cash consideration to be paid to Lessor US$**
Prior to August 31, 2005 (paid)	18,750
May 27, 2006 (paid)	12,500
May 27, 2007 (paid)	20,000
May 27, 2008 (paid)	20,000
May 27, 2009	25,000
May 27, 2010	30,000
May 27, 2011 and 2012 - $40,000 each year	80,000
May 27, 2013 and 2014 - $50,000 each year	100,000
May 27, 2015 $60,000 and each year thereafter to be adjusted for inflation	600,000
Total consideration	**906,250**

From October 27, 2004 until it was terminated on October 16, 2008 the Company had an exploration agreement with an option to form a joint venture with Barrick Gold Corporation (formerly Placer Dome US Inc) ("Barrick"). During the term of the agreement Barrick paid the Company US$190,000 and expended in excess of US$537,500.

7. MINERAL PROPERTIES (continued)

e) Fuse Property, Eureka County, Nevada

During the year ended August 31, 2004 the Company staked the Fuse East and Fuse West claim group. On September 28 and November 15, 2005 (amended April 25, 2006), the Company entered into exploration agreements with an option to form a joint venture with Barrick.

Barrick can earn a 60% interest in the Fuse East and Fuse West Properties on completion of the following payments to the Company and expenditures on the properties. An additional 10% interest can be earned by completing a feasibility study within three years of earning the 60% interest and incurring annual work expenditures of US$247,500 and US$22,500 respectively for each property. An additional 5% can be earned by arranging financing for the Company's share of mine development. The joint venture will be formed upon completion of the earn-in period. The option agreement has a minimum duration of two years and a minimum expenditure level within the two years.

Option Due Dates	Cash consideration to be paid to the Company US$	Exploration Expenditures US$	Cash consideration to be paid to the Company US$	Exploration Expenditures US$
	Fuse East		Fuse West	
Prior to August 31, 2005	30,000	-	3,000	-
September 28, 2006 (received)	27,000	-	-	-
November 15, 2006 (received)	-	-	3,000	-
September 28, 2007 (received)	36,000	175,000	-	-
November 15, 2007 (received)	-	-	4,000	-
September 28, 2008 (received)	45,000	200,000	-	-
November 15, 2008 (received)	-	-	5,000	-
September 28, 2009	45,000	402,500	-	-
November 15, 2009	-	-	5,000	-
September 28, 2010	67,500	1,000,000	-	-
November 15, 2010	-	-	7,500	197,500
Total consideration	**250,500**	**1,777,500**	**27,500**	**197,500**

f) ETTU Property, Eureka County, Nevada

In June, 2004, the Company staked claims in Kobeh Valley called the ETTU claims on the south end of the Eureka – Battle Mountain (Cortez) Gold Trend.

7. MINERAL PROPERTIES (continued)

g) Horse Mountain Property, Lander County, Nevada

On November 23, 2004, the Company entered into a 20-year mining lease for the Horse Mountain claims for the following consideration. The Lessor retained a NSR royalty of 3.5%. In May 2008 the Lessor reduced his NSR royalty from 3.5% to 3.0% in exchange for the Company having quit claimed 20 claims adjoining the Horse Mountain project to the Lessor.

Mining Lease Due Dates	Minimum Advance Royalties payable to Lessor US$	Two year share purchase warrants to be issued to Lessor	Minimum linear feet of drilling
Prior to August 31, 2005 (paid and issued)	30,000	25,000 @ Cdn$0.70	
November 23, 2005 (paid)	30,000	-	
November 23, 2006 (paid and met)	30,000	-	3,000 feet
November 23, 2007 (paid and met)	40,000	-	1,500 feet
November 23, 2008 (paid and met subsequently)	40,000	-	1,500 feet
November 23, 2009 and 2010 $50,000 each year	100,000	-	1,500 feet
November 23, 2011	70,000	-	
November 23, 2012	80,000	-	
November 23, 2013 and each year thereafter adjusted for inflation	1,200,000	-	
Total consideration	**1,620,000**	**25,000**	

On August 15, 2008 the Company signed a definitive agreement, superseding a May 15, 2008 letter of intent, to enter into an exploration agreement with an option to form a joint venture with Newcrest. Newcrest will earn a 60% joint venture interest in the Horse Mountain Property by funding US$3,250,000 in qualified expenditures over a four year period with the first year's work commitment of US$500,000 an obligation. Thereafter, Newcrest can earn an additional 10% interest by funding an additional US$5,000,000 over a three year period. The joint venture will be formed upon completion of the earn-in period. In addition, Newcrest will meet advance royalty payments to the Lessor which will not count towards Newcrest's earn-in commitment.

Option Due Dates	Exploration Expenditures US$
May 15, 2009 (obligation)	500,000
May 15, 2010	750,000
May 15, 2011	1,000,000
May 15, 2012	1,000,000
Total consideration	**3,250,000**

h) Dame Property, Eureka County, Nevada

In February 2005, the Company staked claims in Kobeh Valley on the south end of the Battle Mountain-Eureka Trend.

7. MINERAL PROPERTIES (continued)

i) Iron Point Property, Humboldt County, Nevada

In February 2005, the Company staked the "AB OVO" claims in the Iron Point District. During September and October 2005 the Company staked the “JTK” claims and “IP” claims to expand the Iron Point project area.

On June 3, 2005, the Company entered into a 20-year mining lease and option to purchase 28 mining claims, with a sliding production royalty between 2.5% to 3.5% depending on the price of gold, for minimum advance royalty payments to be completed on the following schedule. These claims can be purchased outright for cash consideration between US$1,000,000 to US$2,000,000 depending on the price of gold anytime up to June 3, 2015.

Mining Lease Due dates	**Minimum advance royalty payments to Lessor US$**
Prior to August 31, 2005 (paid)	7,000
June 3, 2006 (paid)	10,000
June 3, 2007 (paid)	10,000
June 3, 2008 (paid)	15,000
June 3, 2009	20,000
June 3, 2010 $25,000 and each year thereafter	400,000
Total consideration	**462,000**

On November 22, 2006 the Company signed an exploration agreement with option to form joint venture with White Bear Resources, Inc. (“White Bear”) whereby White Bear may earn a 60% interest by paying the Company US$20,000, issuing the Company 100,000 common shares (received) of White Bear and by expending US$2,500,000 over five years. White Bear may then elect to earn an additional 10% interest by funding a bankable feasibility study or by expending an additional US$10,000,000. White Bear is a private company and the Company has not assigned a fair value to the White Bear common shares received. A second issue of 100,000 common shares of White Bear was due to be issued on the first anniversary of the agreement however the Company has agreed that White Bear may issue the shares on completion of White Bear’s Initial Public Offering in 2009.

Option Due Dates	**Cash consideration to be paid to the Company US$**	**Exploration Expenditures US$**
November 22, 2006 (received)	20,000	-
November 22, 2007 (met)	-	100,000
November 22, 2008 (met)	-	200,000
November 22, 2009	-	500,000
November 22, 2010	-	700,000
November 22, 2011	-	1,000,000
Total consideration	**20,000**	**2,500,000**

7. MINERAL PROPERTIES (continued)

j) Angel Wings Property, Elko County, Nevada

In September 2005, the Company staked claims on northern projections of the vein system at Angel Wings.

On October 27, 2005 the Company entered into a 20 year mining lease for 30 mining claims with a private party with a sliding production royalty between 2% to 4% depending on the price of gold, for minimum advance royalty payments to be completed on the following schedule. On December 19, 2006 the Company amended the agreement and increased the size of the lease from 30 mining claims to 87 mining claims. The Company has the option to buy up to two percentage points of the NSR for US$1,000,000 per percentage point. However, the NSR shall never drop below 1% regardless of the price of gold.

Mining Lease Due dates	**Minimum advance royalty payments to Lessor US$**
Prior to August 31, 2005 (paid)	35,000
October 27, 2006 (paid)	35,000
October 27, 2007 (paid)	40,000
October 27, 2008 (paid subsequently)	45,000
October 27, 2009	55,000
October 27, 2010	65,000
October 27, 2011	75,000
October 27, 2012 $85,000 and each year thereafter	1,190,000
Total consideration	**1,540,000**

On May 15, 2007 the Company signed an exploration agreement with option to joint venture with White Bear whereby White Bear may earn a 60% interest by paying the Company US$30,000, by issuing the Company 100,000 common shares (received) of White Bear and by expending US$2,000,000 over five years. White Bear may then elect to earn an additional 10% interest by funding a bankable feasibility study or by expending an additional US$10,000,000. White Bear may then elect to earn an additional 10% interest by completing financial and work milestones. White Bear is a private company and the Company has not assigned a fair value to the White Bear common shares received.

Option Due Dates	**Cash consideration to be paid to the Company US$**	**Exploration Expenditures US$**
May 15, 2007 (received)	30,000	-
October 15, 2008 (obligation)	-	300,000
May 15, 2009	-	300,000
May 15, 2010	-	400,000
May 15, 2011	-	500,000
May 15, 2012	-	500,000
Total consideration	**30,000**	**2,000,000**

On November 17, 2008 the Company loaned White Bear US$22,500 by way of a promissory note. The principal amount of US$22,500, together with 100,000 common shares of White Bear, will be due and payable within 30 days of White Bear completing its Initial Public Offering.

7. MINERAL PROPERTIES (continued)

k) PPM, Humboldt County, Nevada

In September 2005 the Company staked mining claims known as the PPM Property located on the north end of the Battle Mountain-Eureka Trend.

On April 17, 2007 the Company signed an exploration agreement with option to form a joint venture with Piedmont Mining Company Inc. ("Piedmont") whereby Piedmont may earn a joint venture interest in the PPM project.

Piedmont will earn a 55% joint venture interest in the property by paying the Company US$25,000 before May 17, 2007 (received) and by completing expenditures of US$1,750,000 for exploration activities over a period of five years. A minimum work expenditure of US$175,000 is required in the first year with expenditure minimums increasing in subsequent years which the Company extended to July 17, 2008. Once the initial earn-in phase of 55% has been reached, Piedmont and the Company will enter into a joint venture agreement for which Piedmont will be the operator. At August 31, 2008 Piedmont owed the Company $30,558 for exploration costs and Piedmont had not met its obligations.

Option Due Dates	Cash consideration to be paid to the Company US$	Exploration Expenditures US$
May 17, 2007 (received)	25,000	-
July 17, 2008 (obligation)	-	175,000
April 17, 2009	-	200,000
April 17, 2010	-	300,000
April 17, 2011	-	425,000
April 17, 2012	-	650,000
Total consideration	**25,000**	**1,750,000**

l) PQ Property, Elko County, Nevada

In April 2008 the Company staked 100 mining claims in the Pequop Mountains comprising the PQ Property.

On March 26, 2008 the Company entered into a 20 year mining lease for 36 mining claims with a private party with a NSR royalty of 3%. The Company reimbursed the lessor $10,974 of claim location costs. The claims staked by the Company fall within the lease's area of interest and are subject to a NSR royalty of 2%. The Company has the option to buy up to two percentage points of the NSR for US$1,500,000 per percentage point.

Mining Lease Due dates	Minimum advance royalty payments to Lessor US$
March 26, 2008 (paid)	20,000
March 26, 2009	30,000
March 26, 2010	40,000
March 26, 2011 and each year thereafter ($50,000 per year)	850,000
Total consideration	**940,000**

7. MINERAL PROPERTIES (continued)

m) Lookout Property, Tooele County, Utah

During the year ended August 31, 2006, the Company staked certain mining claims in Tooele County, Utah.

8. SHARE CAPITAL

a) Authorized: An unlimited number of common shares without par value.

b) Share issuances:

On October 3, 2007 the Company completed a non-brokered private placement of 4,460,000 units at a price of $1.05 per unit, for gross proceeds of $4,683,000. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant is exercisable to purchase an additional common share at $1.50 per share until October 4, 2009. An additional 253,500 units were issued as a finder's fee pursuant to the private placement. The proceeds of the financing of $4,683,000 were allocated on a relative fair value basis as $3,581,117 to common shares and $1,101,882 as to warrants and the fair value of the finder's fees of $266,175 were allocated as to $203,546 to common shares and $62,629 as to warrants.

The assumptions used in the Black-Scholes pricing model was a risk free interest rate of 4.27%, an expected volatility of 59.17% an expected life of 2 years and an expected dividend of zero.

If at any time following February 5, 2008 the volume weighted average trading price of the Company's common shares on the TSX Venture Exchange for 10 consecutive trading days is at least $2.10 per common share, the warrants will terminate at the close of business on the 30th trading day following the date on which the Company gives notice to the warrant holder of such fact and early termination. Cash share issue costs were $59,472.

c) Stock Options Outstanding

The Company has a shareholder-approved stock option plan that provides for the reservation for issuance of a fixed number of not more than 7,307,052 options to acquire common shares to its directors, officers, employees and consultants. Options granted vest as to 25% immediately and 25% each six months thereafter.

The continuity for stock options is as follows:

Expiry date	Exercise price	Balance, August 31, 2007	Issued	Exercised	Cancelled	**Balance, August 31, 2008**
June 18, 2008	$ 0.27	55,000	-	(55,000)	-	**-**
February 9, 2009	$ 0.53	465,000	-	-	-	**465,000**
February 17, 2010	$ 0.71	973,750	-	-	-	**973,750**
October 18, 2010	$ 1.18	80,000	-	-	-	**80,000**
February 1, 2011	$ 2.07	125,000	-	-	(125,000)	**-**
May 31, 2011 (1)	$ 0.70	50,000	-	-	-	**50,000**
April 17, 2011	$ 1.92	1,475,000	-	-	(1,475,000)	**-**
April 17, 2011 (1)	$ 0.70	425,000	-	-	-	**425,000**
August 8, 2011	$ 1.64	200,000	-	-	(200,000)	**-**
March 28, 2012	$ 1.54	1,400,000	-	-	(1,400,000)	**-**
March 28, 2012 (1)	$ 0.70	470,000	-	-	-	**470,000**
January 31, 2013 (1)	$ 0.70	-	1,170,000	-	-	**1,170,000**
		5,718,750	1,170,000	(55,000)	(3,200,000)	**3,633,750**
Weighted average exercise price		$ 1.44	$ 0.70	$ 0.27	$ 1.74	**$ 0.69**

All except 702,500 of the stock options were vested and exercisable at August 31, 2008.

8. SHARE CAPITAL (continued)

c) Stock Options Outstanding (continued)

Expiry date	Exercise price	Balance, August 31, 2006	Issued	Exercised	Cancelled	Balance, August 31, 2007
December 14, 2006	$ 0.14	10,000	-	(10,000)	-	-
November 7, 2008	$ 0.23	250,000	-	(250,000)	-	-
June 18, 2008	$ 0.27	55,000	-	-	-	55,000
February 9, 2009	$ 0.53	615,000	-	(150,000)	-	465,000
February 17, 2010	$ 0.71	1,343,750	-	(370,000)	-	973,750
April 20, 2010	$ 0.71	18,750	-	(18,750)	-	-
October 18, 2010	$ 1.18	80,000	-	-	-	80,000
February 1, 2011	$ 2.07	125,000	-	-	-	125,000
May 31, 2011 (1)	$ 1.70	50,000	-	-	-	50,000
April 17, 2011	$ 1.92	2,025,000	-	-	(125,000)	1,900,000
August 8, 2011	$ 1.64	200,000	-	-	-	200,000
March 28, 2012	$ 1.54		1,870,000	-	-	1,870,000
		4,772,500	1,870,000	(798,750)	(125,000)	5,718,750
Weighted average exercise price		$ 1.26	$ 1.54	$ 0.52	$ 1.92	$ 1.44

(1) On February 1, 2008 the Directors granted stock options to directors and officers on 1,170,000 shares exercisable for up to five years at a price of $0.70 per share to vest 25% immediately and 25% every six months thereafter. On that same day the Directors re-priced 945,000 stock options previously granted to four employees and one consultant who are not insiders at a price of $0.70 per share; comprising 50,000 stock options expiring on May 31, 2011 that were priced at $1.70, 425,000 stock options expiring on April 17, 2011 that were priced at $1.92 and 470,000 stock options expiring on March 28, 2012 that were priced at $1.54. Finally, with the consent of the insider option holders, 3,095,000 stock options were cancelled. No new options will be granted to these directors and officers for twelve months.

d) Stock Based Compensation

During the year ended August 31, 2008, the Company recorded $1,540,880 in stock based compensation expense for a series of options vested during the year (2007 - $1,583,901; 2006 - $715,415). The remaining fair value of the series of options granted in fiscal year 2007 and 2008 of $362,716, less forfeitures if any, will be recognized as the options vest in 2008 and 2009.

The fair value of each option granted to employees, officers and directors was estimated on the date of grant using the Black-Scholes option pricing model. Stock options issued to outside consultants that vest over time are valued at the grant date and recorded using the straight line method over the vesting period and subsequently re-valued and adjusted on each vesting. The fair value of the 1,170,000 options granted in fiscal 2008 was determined using a risk free interest rate of 3.30%, an expected volatility of 76.94%, an expected life of 5 years, and an expected dividend of zero for a fair value per option of $0.45. The incremental fair value of the 945,000 options that were re-priced was determined using a risk free interest rate of 3.30%, an expected volatility ranging from 57.11% to 64.49%, a remaining expected life ranging from 3.21 to 4.17 years and an expected dividend of zero.

8. SHARE CAPITAL (continued)

e) Share Purchase Warrants

The continuity for share purchase warrants is as follows:

Expiry date	Exercise price	Balance, August 31, 2007	Issued	Exercised	Expired	**Balance, August 31, 2008**
October 4, 2007	$ 1.15	552,500	-	(552,500)	-	**-**
January 23, 2008	$ 0.45	11,250	-	(11,250)	-	**-**
January 23, 2009	$ 0.50	11,250	-	-	-	**11,250**
October 4, 2009	$ 1.50	-	4,713,500	-	-	**4,713,500**
January 23, 2010	$ 0.55	-	15,000	-	-	**15,000**
		575,000	4,728,500	(563,750)	-	**4,739,750**
Weighted average exercise price		$ 1.12	$ 1.50	$ 1.14	$ -	**$ 1.49**

The $4,306 fair value of the 15,000 share purchase warrants issued in the year ended August 31, 2008 in connection with the Redlich mineral property was estimated on the date of issue using the Black-Scholes option pricing model with the following assumptions: the risk free interest rate was 3.32%, the expected life is two years, the expected volatility is 56.8% and the expected dividend is zero for a fair value per warrant of $0.29.

Expiry date	Exercise price	Balance, August 31, 2006	Issued	Exercised	Expired	Balance, August 31, 2007
November 23, 2006	$ 0.70	25,000		(25,000)		-
February 10, 2007	$ 0.90	2,092,000		(1,992,000)	(100,000)	-
October 4, 2007	$ 1.15	1,030,000	-	(477,500)	-	552,500
January 23, 2008	$ 0.45	11,250	-		-	11,250
January 23, 2009	$ 0.50	-	11,250	-	-	11,250
		3,158,250	11,250	(2,494,500)	(100,000)	575,000
Weighted average exercise price		$ 0.98	$ 0.50	$ 0.95	$ 0.90	$ 1.12

9. MANAGEMENT OF CAPITAL

The Company manages its cash, common shares, stock options and warrants as capital (see Note 8). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

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

9. MANAGEMENT OF CAPITAL (continued)

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period.

10. COMMITMENTS

Effective January 1, 2008 the Company entered into an agreement with Y3K Exploration Company LLC ("Y3K"). The Company engaged Y3K to conduct a mineral exploration program in Mexico during the 2008 calendar year and the Company agreed to provide US$200,000 in exploration funding during this period. The program may be extended by mutual consent beyond this period. The Company is organizing a new Mexican subsidiary to acquire any mineral properties identified by Y3K for acquisition and accepted by the Company. By August 31, 2008 the Company had funded approximately US$143,000 towards this commitment.

As at August 31, 2008, the Company has no other significant commitments with any parties other than disclosed in Note 7.

11. RELATED PARTY TRANSACTIONS

During the year ended August 31, 2008, 2007 and 2006, the Company:

a) paid $12,500 (2007 - $42,500; 2006 - $104,494) to a company controlled by a common director for management of the Company's affairs and during the fiscal year ended 2006 the Company paid $71,500 in fees and an additional $32,994 for services related to helping arrange for the sale of investment stock held for sale by the Company;

b) paid $6,740 (2007 - $19,216; 2006 - $127,700) to directors or companies controlled by common officers or directors for rent, telephone, secretarial, website, internet and office services;

c) paid $89,250 (2007 - $76,500; 2006 - $38,500) to a company controlled by a common officer pursuant to a contract for professional fees;

d) included in wages and benefits are fees paid to independent directors of $22,652 (2007 - $20,173; 2006 - $13,077);

e) included in property exploration costs are consulting fees of US$2,916 paid to a company that a director of the Company is an officer and director of for work performed on the Redlich project.

A director and officer of the Company holds a 10% interest in the properties described in Note 7(c).

At August 31, 2008 an amount of $3,390 for expenses and director fees owed to officers and directors are included in accounts payable and accrued liabilities (August 31, 2007 - $4,090). These amounts were settled in the ordinary course of business shortly after the year end.

12. INCOME TAXES

The Company is subject to income taxes on its unconsolidated financial statements in Canada and the USA. The consolidated provision for income taxes varies from the amount that would be computed from applying the combined federal and provincial income tax rates to the net loss before income taxes as follows:

	2008	2007
Combined statutory tax rate	**32%**	34%
Computed income tax benefit	**$ 1,010,000**	$ 1,050,000
Changes in temporary differences	**28,000**	25,000
Unrecognized items for tax purposes	**(496,000)**	(538,000)
Reductions in tax rates	**(61,000)**	-
Income tax losses not recognized	**(481,000)**	(537,000)
	$ -	$ -

The significant components of the Company's future income tax assets are as follows:

	2008	**2007**
Capital assets	**$ 7,000**	$ 36,000
Exploration and development deductions	**274,000**	409,000
Non-capital losses carried forward	**2,078,000**	1,762,000
Other temporary differences	**21,000**	21,000
	2,380,000	2,228,000
Valuation allowance	**(2,380,000)**	(2,228,000)
	$ -	$ -

As at August 31, 2008 the Company has available losses for income tax purposes in Canada of approximately $2,936,000 and in the USA of approximately $3,755,000 which may be carried forward and applied against future taxable income when earned.

	CANADA	**USA**
Loss expiry year	CDN$	US$
2009	279,000	-
2010	464,000	-
2014	493,000	-
2015	183,000	-
2025	-	1,081,000
2026	480,000	573,000
2027	508,000	1,042,000
2028	529,000	1,059,000
	2,936,000	3,755,000

Canadian and foreign exploration resource deductions may be used against certain taxable income without expiry provided there has been no change in the control of the Company. As at August 31, 2008, the available resource deductions amounted to approximately $794,000. USA exploration resource deductions are amortized over a 10 year period. As at August 31, 2008, the available resource deductions amounted to approximately $555,000.

13. SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year ended August 31, 2008, the Company issued 15,000 share purchase warrants with a fair value of $4,306 pursuant to the mineral property option agreement described in note 7 (a).

During the year ended August 31, 2007, the Company issued 11,250 share purchase warrants with a fair value of $17,575 pursuant to the mineral property option agreement described in note 7 (a).

During the year ended August 31, 2007, the Company received 200,000 common shares of Romarco Minerals Inc. at a fair value of $55,000 pursuant to the mineral property exploration agreement described in note 7 (b).

During the year ended August 31, 2007, the Company had an amount of $11,325 included in amounts receivable that was offset to mineral property option payments received.

During the year ended August 31, 2006, the Company issued 11,250 share purchase warrants with a fair value of $15,378 pursuant to the mineral property option agreement described in note 7(a).

During the year ended August 31, 2006, the Company issued 60,000 share purchase warrants as finder's fees with a value of $54,000 pursuant to a private placement described in note 8 (b)(1).

14. SEGMENT INFORMATION

The Company operates in one business segment being the acquisition and exploration of mineral properties and has two geographical segments: USA and Mexico. The total assets attributable to the geographical locations relate primarily to equipment and deferred mineral property costs and have been disclosed in notes 6 and 7.

15. MATERIAL DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

The Company prepares its financial statements in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). There are no material differences in the Company's financial statements from those principles that the Company would have followed had its financial statements been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

1) Cumulative Since Inception Disclosure

The Company is not required and has opted to not report such information for Canadian reporting and for US GAAP purposes; the Company is considered an exploration stage company. Statement of Financial Accounting Standards No. 7 – "Accounting and Reporting by Development Stage Enterprises" requires the disclosure of cumulative-to-date information for each line item on the statements of operations and cash flow plus annual summaries of each component of shareholders' equity since inception. Under Canadian GAAP, Accounting Guideline "AcG 11 – Enterprises in the Development Stage", issued by the Canadian Institute of Chartered Accountants, does not require reporting of this information. Had the consolidated financial statements been prepared in accordance with US GAAP such information would have been disclosed.

2) Financial instruments and other comprehensive income

Effective September 1, 2007, the Company adopted CICA accounting standards related to Comprehensive Income and Financial Instruments. These accounting statements have been adopted on a prospective basis and prior periods have not been restated. The adoption of these standards in Canada eliminated previous US GAAP reconciliations with respect to the recognition and measurement of financial instruments.

15. MATERIAL DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) (continued)

3) Marketable Securities

Previously, under accounting principles generally accepted in Canada, gains (losses) in shares of public companies are not recognized until investments are sold unless there is deemed to be an impairment of value which is other than temporary. Under US GAAP, such investments are recorded at market value and the unrealized gain and losses are recognized in other comprehensive income unless there is deemed to be an impairment which is other than temporary. Under FAS 115 the Company accounted for the marketable security as held for sale. In 2007 after the adoption of Section 3855 of the CICA Handbook marketable securities were designated as available for sale and no difference remains in the securities.

4) Recently issued United States Accounting Standards

In February 2007, the FASB issued FAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities" including an amendment of FASB Statement No. 115. This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. This Statement applies to all entities, including not-for-profit organizations. Most of the provisions of this Statement apply only to entities that elect the fair value option. FAS No. 159 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years, and is applicable beginning in the Company's first quarter beginning September 1, 2008 and it had no material impact on the consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("FAS 141R"), which replaces FAS 141 and SFAS No. 160, "Non-controlling Interest in Consolidated Financial Statements", an amendment of ARB No. 51 ("FAS 160"). FAS 141R establishes principles and requirements for how an acquirer in a business combination recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any controlling interest; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. FAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. FAS 141R and FAS 160 shall be applied prospectively on or after an entity's fiscal year that begins on or after December 15, 2008. The Company is currently assessing the impact that FAS 141R and FAS 160 will have on its consolidated financial statements but does not expect that it will have a material impact on the consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities. This statement changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, or the Company's fiscal year beginning January 1, 2009, with early application encouraged. This statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption. The Company does not expect that it will have a material impact on its consolidated financial statements.