NEW DIMENSION RESOURCES LTD.

A NORTHAIR GROUP COMPANY

2008 ANNUAL REPORT

NEW DIMENSION RESOURCES LTD.

A NORTHAIR GROUP COMPANY

Letter to the Shareholders

This past year has been a busy but challenging one for your Company. We have been very active in exploration with six drill programs conducted on New Dimension properties and with three new projects acquired.

In Canada, exploration drilling was completed early in the year at the Domain gold property in northern Manitoba. This drilling, funded by our joint venture partner, returned encouraging results. New Dimension is now participating in a further phase of drilling which commenced in September. With continued positive drill results, this property could evolve to a stage where an initial gold resource could be calculated.

In the United States, four drill programs were conducted in Nevada. Drilling at the Blackrock property encountered a strong vein structure with highly anomalous and consistent gold values throughout. The Company is currently reviewing its plans for this property. At the Trend Project, Calibre Mining Corp., who have an option to earn a 75% interest in the property, recently completed its initial drill program. Assay results are forthcoming. Results from the Golden Shear and GV3 programs were not sufficiently encouraging to maintain the options and the properties were returned to the respective vendors.

Also in Nevada, the Company staked the Hannapah property as a result of its generative exploration program and acquired the Reese River and East Walker properties under option agreements. The Hannapah and East Walker properties cover attractive geological environments for gold deposits and further work is required to evaluate their potential. The Reese River property covers a very attractive silver target that has seen minimal modern exploration. A significant drill program is warranted.

In Peru, continued generative exploration resulted in the acquisition of the Puma Dorado gold-copper property. Joint Venture partners are being sought for the Odilin and Cori Puncho properties and title confirmation for the large concessions acquired by Minera NDR Peru comprising the Cenepa Project is ongoing.

In summary, I believe the Company has had a very productive exploration year. The Domain and Reese River projects in particular have the potential to become significant assets, however, in the current financial environment, these assets are not being recognized. Regardless of these market conditions, we continue to make the best use of the Company's experienced exploration and management team.

I thank our shareholders for your continued support.

On behalf of the Board of Directors,

NEW DIMENSON RESOURCES LTD.

Frederic G. Hewett, P.Eng.

President & C.E.O.
October 8, 2008

Annual Management Discussion and Analysis
for
New Dimension Resources Ltd.
("NDR" or the "Company")
For the year ended May 31, 2008

The following management's discussion and analysis of the Company has been prepared as of September 25, 2008 and should be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended May 31, 2008. All financial information is in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and all amounts disclosed are Canadian dollars unless otherwise stated.

NATURE OF BUSINESS

The Company is engaged primarily in the acquisition, exploration and development of mineral resource properties throughout the Americas. Currently, the Company's exploration activities are focused on mineral properties situated in Nevada, Manitoba and Peru. The Company also maintains mineral properties in Newfoundland and Labrador and Argentina. The Company is listed on the TSX Venture Exchange ("TSXV") and trades under the symbol "NDR".

HIGHLIGHTS IN YEAR

The Reese River Project

- Acquired, through lease/option agreements and staking, a property position in the Reese River Mining District located near Austin, Nevada in July 2007 (the Reese River Project"). The continuous land package was acquired to cover the New York Canyon and Amador Canyon areas and adjacent ground.
- Discovered in October 2007 a potentially significant gold zone at the Reese River Project. Two rock chip samples, each one metre in length, were taken from separate outcrops in the Amador Canyon portion of the property and reported assays of 9.8 grams per tonne gold and 4.8 grams per tonne gold. This is the first time that significant gold values have been encountered on the Reese River claims. The new gold zone is several hundred metres east of the Amador Canyon silver occurrences and represents a new exploration target at Reese River.
- Entered into an option agreement with Gold Summit Corporation to acquire up to a 75 percent interest in the San Francisco property which adjoins the Reese River Project and covers the projection of priority targets on the Reese River Project.

The Domain Project

- Joint venture partner Rolling Rock Resources Corp. ("Rolling Rock"), completed a Phase II drill program on the Domain Project near, Thompson, Manitoba consisting of 17 core holes totaling 2,654 metres. Eight holes were completed on the B Zone target with several of these holes reporting noteworthy gold results including 4.61 grams per tonne gold over 15.25 metres (including 7.29 grams per tonne gold over 9.0 metres or 9.96 grams per tonne gold over 6.00 metres) in drill hole RR-08-20; and 4.61 grams per tonne gold over 18.05 metres (including 17.44 grams per tonne gold over 2.65 metres) in drill hole RR-08-23. Drill results suggest that gold mineralization in the B Zone is increasing in width and grade to the northwest as the better gold values were discovered within the western most 220 metres of the drilled area. Drill results also show that the B Zone is defined over a strike length of 700 metres and based on geophysics, can be projected an additional 350 metres on strike to the northwest.

The Trend Project

- Executed a definitive option agreement with Calibre Mining Corp. ("Calibre"), granting Calibre the option to earn up to a 65 percent interest in the Trend Property, located south of the Cortez joint venture on the Battle Mountain-Eureka mineralized trend of Nevada, by completing US$1.5 million in exploration expenditures and maintaining obligations to the property vendors, over a four year period. First year exploration expenditures include a firm commitment of US$500,000, and must include drilling on the Trend Property. Calibre will have the option to acquire an additional 10 percent interest by funding and completing a Preliminary Economic Assessment. Calibre will be the operator of the Property. Currently, New Dimension has a one hundred percent undivided interest in the Trend Property, subject to vendor payments and a one percent net smelter return.

The Cenepa Project

- The Company was notified by its Peruvian legal counsel in September 2007 that Supreme Decree 023-2007 AG was issued reducing the size of a potential wilderness area where the Company has the irrevocable right to acquire ten petitions for mining concessions totaling 10,000 hectares in northern Peru. Minera NDR Peru S.A.C.'s claims are now outside the potential wilderness area and the Company is proceeding to confirm title. Minera NDR is a Peruvian corporation which NDR has an irrevocable right to acquire.

The Hannapah Project

- Acquired the Hannapah property near Tonopah in western Nevada by staking 104 mineral claims. The Hannapah property was identified during a generative exploration program and was staked due to its geologic similarities to the significant Midway deposit located 30 kilometres to the northwest. Subsequently completed geological mapping, sampling and a geophysical (gravity) survey reinforcing the geologic interpretation by management that a large Midway-style gold system could underlie the claim block. The known area of alteration and anomalous geochemistry has been expanded and the Company has increased its land position to 109 claims covering 2300 acres. The Company has submitted permits for a drill program to the U.S. Forest Service.

The Blackrock Project

- Conducted a drill program comprised of 12 reverse circulation drill holes (808 metres) on the Blackrock gold project located in the Como mining district of western Nevada. The Blackrock project contains a largely untested, easterly dipping epithermal quartz vein system with a strike length of 1,000 metres with widths of up to 15 metres. Eleven angle holes and one vertical hole, varying in depths from 40 to 110 metres, tested the down dip extension of known mineralization. Drilling focused on the southernmost 300 meters segment of the structure where vein exposures form nearly continuous outcroppings. All of the drill holes encountered a strong vein-structure that reported highly anomalous and continuous gold values throughout as demonstrated in drill-hole BR-06, which reported a continuous 32 meter zone of anomalous gold averaging 0.72 grams per tonne (true thickness 24 meters).

The GV3 Project

- Initiated a core drilling program in December 2007 on the GV3 gold-silver property located in the Walker Lane mineral belt of western Nevada. The program was designed as a preliminary test of a previously un-drilled zone of volcanic-hosted gold and silver mineralization covering 800 by 300 metres on surface. Although drilling identified an appreciable thickness of anomalous gold and narrow zones of anomalous silver the only significant intercept was a 1.5 metre zone assaying 0.49 grams per tonne gold and 277 grams per tonne silver. Although geologically interesting, this higher grade silver grade zone showed limited tonnage potential and NDR elected to return the property to the vendor.

The Golden Shear Project

- Completed a 675 metres drill program, testing four separate target zones with 11 shallow RVC holes. The Company returned the property to the vendor.

Early Warrant Exercise

- Closed the incentive program (the "Program") in August 2007 to encourage the early exercise of its outstanding August 2006 warrants. A total of 1,561,000 warrants were exercised under the Program for a total of $546,350. Under the Program, each holder received a unit (the "Unit") consisting of a common share and an additional half warrant (each whole a "New Warrant") for each August 2006 warrant exercised. Each whole New Warrant will allow the holder to acquire one common share of the Company at a price of $0.45 per share for one year following the date of issue of the Unit. The proceeds will be used to fund exploration activities on the Company's properties. The Company paid a commission to Haywood Securities Inc. of 128,237 common shares, which is equal to 7 percent of the proceeds raised for their services in soliciting the August 2006 Warrant holders. A total of 1,312,440 of the original August 2006 warrants are still remaining to be exercised under the original terms.

Private Placement

- Completed a non-brokered private placement in February 2008 of 2,564,596 Units at a price of $0.20 per Unit for gross proceeds of $512,919. Each Unit was comprised of one common share and one warrant, with each warrant being exercisable for one year to purchase one common share for $0.45. The Company paid a finder's fee equal to seven percent of the proceeds placed by the finder. The funds will be used primarily to advance the Company's properties in Nevada and Peru and for general working capital.

Highlights subsequent year end

- Completed a non-brokered private placement in June 2008 with the issuance of 7,115,000 units at a price of $0.15 per unit and the issuance of 1,010,000 flow-through common shares at a price of $0.20 per flow-through share for gross proceeds of $1,269,250. Each unit is comprised of one common share and one-half of one share purchase warrant. Each warrant is exercisable for two years from the date of issuance to purchase an additional common share of the Company for $0.25.

- Calibre Mining Corporation ("Calibre") initiated a three drill hole, 1,500 meter diamond drill program at the Company's Trend Property located in Nevada.

- Signed agreements to obtain a 100 percent interest in the Puma Dorado property located near the community of Querobamba in southwestern Peru. The property comprises two 1,000 hectare concessions and hosts a 1,200 meter long by 500 meter wide zone of massive magnetite with locally strong pyrite and disseminated chalcopyrite. Initial sampling by the Company, consisting of seven, one-to-three meter wide rock chip samples, reported values ranging from 0.50 to 3.2 grams per tonne gold and from 0.26 to 7.8 % copper. Twelve follow-up rock chip samples from the zone averaged 0.92 grams per tonne gold with four samples assaying over 1.0 gram per tonne gold with a high of 2.4 grams per tonne gold, six of these samples exceeded 1% copper, with a high value of 6.7 percent. In August the Company completed a detailed ground magnetic survey that further defined the mineral system.

  The project is covered by two option agreements. The first agreement allows the Company to purchase a 100% interest in the Chen 6 claim for a total price of US$2,000,000 over five years with an initial payment of US$25,000 for the first year. The second agreement allows the Company to purchase the Puma Dorado claim for US$1,500,000 over five years, with an initial payment of US$15,000 for the first year. This concession also has a US$25,000 first year work commitment.

- Signed an agreement with a subsidiary of Gryphon Gold Corporation to acquire up to 65% interest in the East Walker Property located in western Nevada. The East Walker claims overlie a linear zone of intensely altered and silicified volcanics measuring approximately 750 by 100 meters in size. Previous work on the target included two trenches averaging 3.4 grams per tonne gold over 24 metres and 1.1 grams per tonne gold over 12 metres. In the same area, seven three meter long chip samples taken by the Company returned values between 0.03 grams per tonne and 1.50 grams per tonne gold. Confirmation grab sampling conducted by the vendor within the trench area returned values between 0.42 grams per tonne and 4.9 grams per tonne gold. The East Walker Project is geologically similar to the past producing Borealis Mine which is situated 20 kilometres to the east.

- A Phase III diamond drill program has commenced at the Domain gold property. The program will total 3,000 meters in 20 holes and is intended to follow-up a successful 2,500 meter drill program completed in the first quarter of 2008. The primary drilling will test the westerly extension of the B Zone which returned significant results from the previous drill program.

SELECTED ANNUAL INFORMATION

Unless otherwise noted, all currency amounts are stated in Canadian dollars.

The following table summarizes selected financial data for the Company for each of the most recently completed financial periods. The information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance with GAAP, and the related notes thereto. NDR was incorporated November 10, 2005.

	Year ended May 31, 2008	**Year ended May 31, 2007**
Revenue	$ Nil	$ Nil
General and administrative expenses	(349,435)	(397,975)
Write off and expense of exploration and mineral property costs	(920,239)	(398,076)
Other income/(expenses)	21,093	(70,262)

Future income tax recovery		130,816		63,038
Net loss for the period	$	(1,117,765)	$	(803,275)
Basic and diluted loss per share	$	(0.09)	$	(0.08)
Total Assets		1,833,662		1,701,642
Total long-term financial liabilities	$	361,384	$	289,331

RESULTS OF OPERATION

Year ending May 31, 2008
The Company's loss for the year ended May 31, 2008 (the "Current Period") totaled $1,117,765 as compared with $803,275 for the year ended May 31, 2007 (the "Comparative Period")

The results of operations were largely influenced by general and administrative expenses and write-offs of mineral property costs.

General and administrative expenses totalled $349,435 in the Current Period, $397,975 in the Comparative Period. The main reason for the decline was due to lower stock-based compensation expense as fewer options were granted and previous options were fully expensed, however this was partially offset by higher salary costs and higher costs related to shareholder information

The Company capitalizes all acquisition and exploration costs until the property to which those costs relate is placed into production, sold or abandoned. The decision to abandon a property is largely determined from exploration results and the amount and timing of the Company's write-offs of capitalized mineral property costs will vary from one year to the next and typically cannot be predicted in advance. During the Current Period, the Company wrote-off mineral property costs of $920,239 ($398,076 – Comparative Period). These write-offs were attributed to general exploration of $364,195, $306,719 on the Golden Shear property, $26,869 on the Stephen's Lease property, $220,684 on the GV3 property and $1,772 on miscellaneous properties in Peru.

The Company realized interest and other income in the Current Period of $27,021 compared with $17,179 in the Comparative Period primarily related to the receipt of a GST refund that had previously been written off due to concerns on its recoverability.

Details on a geographical basis are as follows:

May 31, 2008		Canada		United States		South America		Total
Total assets	$	260,368	$	1,024,209	$	549,085	$	1,833,662
Net income (loss)	$	(247,143)	$	(690,811)	$	(179,810)	$	(1,117,765)

May 31, 2007		Canada		United States		South America		Total
Total assets	$	363,690	$	822,407	$	515,545	$	1,701,642
Net income (loss)	$	(529,177)	$	(112,304)	$	(161,794)	$	(803,275)

Fourth Quarter Ended May 31, 2008
The Company's loss for the three months ended May 31, 2008 (the "Current Quarter") of $115,185 was lower than the loss in the three months ended May 31, 2007 (the "Comparative Quarter") of $141,333. The main reason for this decrease was:

- Lower general and administration expenses of $75,712 versus $86,965 due mainly to lower stock-based compensation expense,
- Lower write-off of exploration costs of $57,660 versus $96,485,
- Increased interest and other income of $19,119 versus $4,153 due to the receipt of a GST refund that had previously been written off due to concerns on its recoverability.
- Partially offset by a reduction in future income tax recovery to $0 in the Current Quarter compared with $63,038 in the Comparative Quarter due to the timing of recording the recoveries.

EXPLORATION OVERVIEW

NEVADA, USA

Nevada Exploration Program

Reese River Project

In late 2007 the Company, through lease/option agreements and staking, acquired a large portion of the historic Reese River Mining District. The land package consists of a contiguous block of 96 unpatented claims and 24 patented claims. This land block covers the New York Canyon and Amador Canyon mineralized zones and surrounding areas of potential.

New York Canyon was the site of significant underground mining of high-grade silver during the 1880's and produced nearly half of the district's 20 million ounce production. Production was mainly confined to a contact area between Paleozoic sediments and a large Jurassic intrusive (Austin Pluton). Mining in this contact zone mainly targeted high grade veins and breccias with dominantly northwest strikes and shallow to moderate northeasterly dips. Evidence for important wall rock mineralization includes the results of 89 samples collected over the main target area. All the samples reported anomalous silver with 21 of these assaying over 100 grams per tonne with an average of 254 grams per tonne silver. In addition, 39 samples reported silver values over 34 grams per tonne (one ounce) with an average of 168 grams per tonne. This work supports earlier work where 39, one to three metre rock chip samples, averaged 60 grams per tonne silver and 10 grab samples from mine dumps averaged 160 grams per tonne silver.

The Amador Canyon target zone is situated approximately two kilometres to the northwest of New York Canyon. Varying styles of mineralization have been identified here. One type is related to shallow dipping shear zones called "mantos". These dip easterly and are formed on bedding plane shears within Paleozoic sediments. This style of mineralization saw limited drilling by another company in 2004 with results including 12.2 metres of 286 grams per tonne silver. A second type of mineralization is related to a large easterly trending structural zone (Amador Fault) that extends from the range front up Amador Canyon for approximately 1,000 metres. The Amador Fault, as well as the mantos, saw significant mining activity as evidenced by numerous large mine dumps situated on the range front and up Amador Canyon. The company believes that the Amador Fault was an important feeder for the surrounding manto mineralization. Of significance is that the Amador Fault was not exploited below the water table which occurs in the canyon bottom. This structural zone has never been drilled and it and the more tabular style of mineralization represented by the mantos are the Company's priority target zones at Amador.

Also of note is the identification of a new gold zone in the east Amador Canyon area. Two, one metre wide rock chip samples from separate outcrops here reported 9.83 and 4.82 grams per tonne gold. The samples were taken from small outcrops exposed through shallow cover approximately 70 metres apart. These were the only two outcrops exposed through cover in the area. This zone is approximately 200 metres east of the Amador Canyon silver occurrences and represents a standalone exploration target.

In early 2008 the Company entered into an option agreement with Gold Summit Corporation on 65 mining claims that lie to the north of New York Canyon and east of Amador canyon. Known mineralization at Amador and New York Canyons can be projected into the claims and there are also potentially important gold targets on the claims associated with large structural zones. The Company considers the acquisition of the San Francisco claims to be important in evaluating the full potential of the large Reese River mineralized system and, in management's opinion, increases the possibility of defining a significant tonnage of potentially economic silver and gold mineralization.

The Company can acquire a 51 percent interest in the San Francisco property by spending US$350,000 over an initial three year period. The interest can be increased to 61 percent by spending an additional US$1.3 million over three subsequent years; and can increase to a 75 percent interest with the completion of a Scoping Study.

In November of 2007, the Company submitted its permit applications to the Forest Service for drilling the Amador and New York Canyon areas and also completed other required surveys that were submitted in July 2008. Approval is anticipated in October.

The priority drill target areas at New York Canyon are generally defined by the distribution of historic mine workings. The Company's Phase I program will consist of 7 to 10 reverse circulation ("RVC") holes dispersed along a target zone measuring approximately 1,300 by 400 metres. This large area has never been drill tested.

Approximately six to ten RVC holes are planned for the Amador Canyon area including drilling on the Amador Canyon gold target.

Trend Project

The Trend Project consists of 145 mineral claims covering a segment of the northwest striking Battle Mountain-Eureka mineral trend. The project adjoins the southern end of the Cortez Joint Venture that is host to numerous Carlin style gold deposits with reported gold reserves/resources exceeding 20 million ounces. The property lies only 10 kilometres south-southeast and on trend, with the Cortez Hills deposit with reported gold reserves and resources of over 9 million ounces.

During much of 2005 and 2006 the Trend Project was held through a joint venture agreement with Agnico Eagle Mines Ltd. who completed significant work on the property. Their initial efforts included a combination of geochemistry and geologic work along with interpretations of detailed aeromagnetic and ground-based gravity. Four main target areas were identified with three of the areas associated with south southeast trending splays of the Cortez fault system as they project southerly along the trace of the Battle Mountain-Eureka mineral belt. A fourth target was identified within the eastern portion of the property where geophysics predicted fault structures offering potential host environments for mineralization. In 2005, as a preliminary test of these target areas, four reverse circulation drill holes were completed. The holes ranged from 549 metres to 652 metres in depth. Overall results were encouraging as the more westerly three holes (#1, #2 and #3) provided strong indications of a mineralized hydrothermal system. All showed broad zones of silica flooding, quartz veining, strong alteration, disseminated and vein related sulfides and significant thicknesses of anomalous gold. The eastern most hole was not mineralized but did intercept favorable lower plate rocks.

In 2006, as a follow-up on their 2005 efforts, Agnico Eagle conducted additional geophysics and geochemistry over portions of the property. Although results of this work identified additional target areas they elected to return the property.

The Company sought out another joint venture partner to continue the project and in early 2008, executed a definitive option agreement with Calibre Mining Corp. granting Calibre the option to earn up to a 65 percent interest in the Project by completing US$1.5 million in exploration expenditures and maintaining obligations to the property vendors, over a four year period. First year exploration expenditures include a firm commitment of US$500,000, and must include drilling on the Trend Property. Calibre will have the option to acquire an additional 10 percent interest (for a total interest of 75 percent) by funding and completing a Preliminary Economic Assessment. Calibre will be the operator of the Property. Currently, New Dimension has a one hundred percent undivided interest in the Trend Property, subject to vendor payments and a one percent net smelter return.

Since acquiring the property Calibre has re-logged cuttings from the four 2005 Agnico Eagle drill holes and has re-assayed various sample pulps from the drilling. Calibre is focusing on portions of the property where they surmise that favorable lower-plate stratigraphy exists at relatively shallow depths. In July, Calibre commenced a three hole, 1,500 meter drill program.

Hannapah Project

The Hannapah property was identified during a generative exploration program and was staked due to its geologic similarities to the significant Midway deposit located 30 kilometers to the northwest on the same mineralized regional structure.

Midway is an advanced stage gold property owned by Midway Gold Corporation and a 2005 resource estimate published by them for three separate gold zones at Midway reported an inferred resource of 215,500 ounces of gold. Numerous other vein-related, high grade drill intercepts are also reported at Midway that apparently require additional drilling and it appears that significant potential exists to increase the resource.

Hannapah was acquired because it sits on the same structural trend, has similar geochemistry and the same geological and geophysical setting as Midway.

Outcrop and soil sampling at Hannapah identified anomalous gold and path finder elements that are similar to there originally identified at Midway. Also of note is that both target areas are related to distinctive gravity highs that are also spatially associated with magnetic anomalies.

At both Midway and Hannapah, the geology consists of sediments overlain by rhyolites and tuffs. The bulk of vein related mineralization at Midway occurs within veins formed at an unconformity between these two contrasting rock types. At Hannapah limited exposures of lithic-rich tuffs and rhyolites that are visible through extensive gravel cover host locally pervasive chalcedonic replacement that is similar in style to that found at Midway. Like Midway, the main target at Hannapah is a sediment-volcanic contact which is predicted to exist at shallow depth below altered and mineralized outcrops. This target concept has never been drill tested in the Hannapah area.

The Company has submitted a Plan of Operation to the U.S. Forest Service that includes the drilling of up to 20 RVC holes on the project. Further work should also include a detailed magnetic survey and additional soil and outcrop sampling. The Company is seeking a joint venture partner to conduct this exploration.

East Walker Project

In April 2008, the Company signed an agreement to acquire up to 65% interest in the East Walker Gold Project located in western Nevada. The East Walker Project is well positioned within a highly mineralized metallogenic province of Nevada and the Company believes the property could host important gold mineralization.

The Company can earn an initial 51% interest in East Walker by making a $10,000 cash payment, issuing 75,000 shares to Gryphon Gold Corporation and completing $120,000 in exploration within two years. Upon earning 51%, the Company can increase its interest to 65% by completing an additional $250,000 of work over a second two year period.

The East Walker claims overlie a linear zone of intensely altered and silicified volcanics measuring approximately 750 by 100 metres in size. The priority target area is projected under younger cover and remains open in three directions. In the 1980’s work by others within the area of alteration defined a significant rock chip anomaly greater than 300 ppb gold with numerous samples exceeding 1 gram per tonne gold with a high of 2.6 grams per tonne gold. The work also included two trenches averaging 3.4 grams per tonne gold over 24 metres and 1.1 grams per tonne gold over 12 metres. The Company cannot confirm these results due to their historical nature. In the same area, seven three metre long chip samples taken by the Company returned values between 0.03 grams per tonne and 1.50 grams per tonne gold. Confirmation grab sampling conducted by Gryphon Gold within the trench area returned values between 0.42 grams per tonne and 4.9 grams per tonne gold.

The Company will complete additional field work on East Walker Project to better define specific target areas for drilling. Activities will include completion of the permitting requirements necessary to conduct a preliminary drill program.

Blackrock Project

In February of 2007 the Company entered into an agreement to acquire a 100 percent interest in the Blackrock gold-silver property located in the Como mining district of western Nevada. The Blackrock Project contains a significant, largely untested, epithermal quartz vein system with a strike length of 1000 metres and widths of up to 15 metres. The vein which strikes approximately N 35 E and dips steeply to the east consists of sub parallel zones of banded quartz veins, stock works and silicified breccia.

In March 2008, the Company completed a Phase I drill program on the project consisting of 12 RVC holes that were designed to test the vein at shallow levels below mineralized surface outcrops along a strike length of approximately 300 metres. Drilling encountered significantly more vein occurrence than anticipated and where penetrated, the vein was consistently mineralized over broad zones such as in hole six that reported 32 meters grading 0.7 grams per tonne. Overall, gold grades were less than expected with the highest gold intercept grading 6.41 grams per tonne over 1.5 meters. There were several other 1.5 to 3.0 meters intercepts in 1.2 to 2.3 grams per tonne range.

Of note is that the vein system appears to be getting stronger to the north as the northern most drill hole showed 52 metres (true thickness 40 metres) averaging 200 ppb gold (high of 0.8 g/t gold). The Company feels that target potential at Blackrock is still significant as the vein system continues to the north upwards of 1,000 metres. The Company is currently reviewing drill results and is considering a program to test the northern segment of the vein system.

GV3 Project

In March of 2007 the Company acquired the GV3 gold-silver property located in Mineral County, approximately 21 kilometres northwest of Gabbs. The property is situated within the eastern limits of the Walker Lane mineral belt, approximately midway between the past producing Rawhide (1.7 million ounces gold, 17 million ounces silver) and Paradise Peak (1.5 million ounces gold, 50 million ounces silver) gold-silver mines. The 41 claim property is centered over a 300 metre wide by 800 metre long elongated exposure of sheared, altered and mineralized felsic schist which contains significant gold and silver values.

In January 2008, the Company completed two core holes on the project to test the core of known mineralization. This work identified thick intercepts of anomalous gold in the 10 to 100 ppb range and very localized silver mineralization up to 260 grams per tonne. It was concluded that the persistent low level gold, noted in the core and on surface, is related to an early intrusive-related quart-pyrite system and the high silver is associated with a younger and much more localized epithermal vein set. This later system did not appear to have sufficient economic potential to warrant additional expenditures and the property was returned to the vendors.

Golden Shear Project

In January of 2008 the Company conducted an initial drilling program on its Golden Shear project located approximately 20 kilometres northwest of Winnemucca, Nevada. A total of 675 metres were completed in eleven shallow RVC drill holes. The drilling focused on four separate target zones to test down dip projections of outcropping gold mineralization that saw historic underground production from veins and breccia zones.

Drilling encountered anomalous gold values but as the overall results were less than anticipated, the Company returned the property to the vendor.

PERU

Peru Exploration Program

During the year the Company maintained an exploration program in Peru through its wholly owned Peruvian registered affiliate, Camino Ventures S.A.C. (“Camino”). The office for Camino is located in Lima and staffed by a senior Consulting Geologist and support staff. As an effective means to seek out quality acquisition opportunities, the Company also has several finders’ fee agreements in place with an assortment of experienced prospectors and independent geologists. These contacts help assure that a steady stream of mineral properties come to the Company’s attention for review and prioritization.

Cenepa Project

In June of 2006, Minera NDR Peru S.A.C. filed petitions with the Peruvian Ministry of Mines for ten mining concessions situated along the Ecuador border. The Company has an irrevocable right to acquire this Peruvian corporation. The concessions total 10,000 hectares and cover the projection into Peru of a 20 kilometer long, north trending mineral belt that includes the large Aurelian Resources Fruta del Norte gold deposit. This is a significant discovery with reported gold resources of over 13 million ounces. Fruta del Norte is one of several known gold-silver vein occurrences identified by Aurelian along this trend. The closest occurrence to the Company’s land block is the Aguas Mesas Sur prospect with an announced drill intercept by Aurelian of 51.06 grams per tonne gold over 9.2 metres. This prospect is only five kilometres from Minera NDR’s land block and the southernmost drilled gold occurrence on this emerging gold belt.

There have been delays in obtaining final approval of the concessions due to their proximity to a reserve area. However the Company has been notified that the process is proceeding to confirm title.

Odilin Project

In mid-2006 the Company signed an option agreement to acquire the Odilin porphyry related copper, gold, molybdenum project located in the Department of Cajamarca, Peru. The property lies on the important 50 kilometre long Chicama-Yanacocha mineral trend which hosts numerous mineral occurrences which are bracketed by the Yanacocha gold mine to the northeast and the Cerro Corona copper-gold deposit to the southwest. Initial geologic investigations on the Odilin property by NDR report up to 0.67 percent copper and 0.76 grams per tonne gold. The porphyry system is also anomalous in molybdenum with values up to 0.02 percent. Preliminary mapping defines an area of intrusive hosted alteration measuring 0.5 x 3.0 kilometres which could reflect a major porphyry system. Within the large alteration zone multiple copper-gold vein occurrences have been identified that show evidence of historic mining activity. The Odilin property is very well located with easy road access but has never been drill tested. The Company has elected to seek a joint venture partner and is in discussions with several interested parties.

Cori Puncho Project

The Cori Puncho gold project is owned by the Company. The property is situated in the Department of Puno, southern Peru, approximately 60 kilometres by road from the large community of Juliaca. The land position consists of two adjacent 1,000 hectare mining concessions. The land package also includes a lease agreement with Southwestern Gold Corporation on a two square kilometre concession.

The property is centered over a major north northwest trending structural zone called the CP Corridor that can be traced for nearly four kilometres. The southern end of the CP Corridor (CP Hill) has been the area of priority interest where structurally controlled gold mineralization is variably exposed on trend for 300 metres. This target zone called the Main Shear was the focus of a 2006 drilling program, where seven of 10 RVC angled drill holes were completed to cross the structural target.

This drilling reported expected thicknesses of anomalous gold with the best hole reporting 26 metres of 2.14 grams per tonne gold. The other six holes reported highly anomalous to low grade gold. This work, combined with surface evaluations, indicate that the Main Shear and much of the hanging wall are pervasively anomalous in gold with higher gold concentrations contained within fracture and breccia zones. The Company feels that closer spaced drilling on this occurrence could potentially define multiple higher-grade zones of gold mineralization. The Company is currently seeking a potential joint venture partner to take the project forward.

Maki Project

The Maki Project located in the Central Andes of Peru, 70 kilometres west of the city of Cusco was acquired in the previous year. The Company conducted hand trenching programs at Maki that were focused on the Maki Vein over an approximately two kilometre long strike length. The north limits of the vein became a high priority target after initial sampling in April 2007 reported 2.6 grams per tonne gold over three metres associated with quartz vein stockworks in altered volcanics. A follow-up program consisting of 40, two metre wide channels was completed to better test a 35 metre wide outcrop zone exposed through overburden. Of these samples, 25 exceeded 100 ppb gold with the five highest samples grading 7.95, 5.96, 4.19, 3.52 and 1.16 grams per tonne gold. Further work on this target indicated that this mineralization, although geologically interesting, had limited tonnage potential and the Company returned the property to the vendors.

CANADA

Domain Project, Manitoba

The Domain project is located approximately 150 kilometres southeast of Thompson, Manitoba. Work to date on the property by the Company and others has defined a favorable Archaean greenstone belt with the potential of hosting economic banded iron formation related gold deposits. The property was optioned to Rolling Rock who earned its initial 51 percent interest by the issuance of 400,000 common shares to the Company and by spending $300,000 to explore the property prior to June 30, 2006. Rolling Rock elected to increase their interest to 65 percent with additional expenditures and they recently completed a Phase II drill program consisting of 17 core holes totaling 2,654 metres. Eight holes were completed on a target called the B Zone with several of these holes reporting noteworthy results including 4.61 grams per tonne gold over 15.25 metres (including 7.29 grams per tonne gold over 9.00 metres or 9.96 grams per tonne gold over 6.00 metres) in drill hole RR-08-20; and 4.61 grams per tonne gold over 18.05 metres (including 17.44 grams per tonne gold over 2.65 metres) in drill hole RR-08-23. Drill results suggest that gold mineralization in the B Zone is increasing in width and grade to the northwest as the better gold values were discovered within the westernmost 220 metres of the drilled area. Hole RR-08-20 is the most north western hole completed on the zone to date. With this new drilling the B Zone is defined over a strike length of 700 metres and based on geophysics, can be projected an additional 350 metres on strike to the northwest. Assays from the 2008 drilling in the B Zone are listed as follows:

Hole	From (metres)	To (metres)	Interval (metres)*	Gold grams per tonne

RR-08-19	164.40	168.80	4.40	1.10
Including	167.80	168.80	1.00	4.25
	182.50	186.21	3.71	4.80
Including	185.25	186.21	0.96	5.39
RR-08-20	113.55	128.80	15.25	4.61
Including	115.50	124.50	9.00	7.29
Or	118.50	124.50	6.00	9.96
RR-08-21	143.10	152.15	9.05	5.22
Including	143.10	145.80	2.70	15.16
And	151.05	152.15	1.05	4.66
RR-08-22	159.50	167.50	8.00	2.24
Including	163.50	166.50	3.00	4.78
RR-08-23	172.95	191.00	18.05	4.61
Including	179.45	182.10	2.65	17.44
and	186.33	189.00	2.67	10.43
RR-08-24	217	221.2	4.20	0.61
RR-08-25	169.1	174	4.90	0.55
RR-08-26	77	80.15	3.15	4.28
Including	78.5	80.15	1.65	7.4
	196.2	199.29	3.09	3.02

*true thicknesses are estimated to be 75% of drill intercepts

The other drill holes on the project (RR-08-11 to RR-08-18 and RR-08-27) were positioned southeast on the B Zone. This drilling noted sections of silicification and mineralization but no gold values above 2 grams per tonne.

In addition to the B Zone, the Domain Project covers several other geophysical anomalies that are suggestive of mineralized structures. Some of these remain to be tested and others have known gold intercepts that warrant follow-up. These include Anomaly A which is a parallel structure located approximately 100 metres to the north of the B Zone. Anomaly A is a 1.8 kilometre long coincidental magnetic and electromagnetic geophysical conductor. Drilling by others in the late 1970's and mid 1980's of a 100 metre segment of this target intersected anomalous gold values in all four holes drilled. Results included 4.60 metres of 4.60 grams per tonne gold, and 1.32 metres of 12.59 grams per tonne gold.

Rolling Rock has earned a 65% interest in the property and a joint venture has been formed. A 3,000 meter drill, 20 hole drill program commenced in September 2008.

Voisey's Bay Project, Labrador

In 2006 the Company participated with Voisey Bay Nickel in an airborne geophysical survey over the Voisey's Bay area to the extent that it covers the Company's land position. The results from this program have been filed as assessment work to maintain these claims.

OTHER

The Company continues to hold strategic and geologically attractive land positions internal to Yamana Gold Inc.'s. Esquel gold project in Argentina. This project, which hosts an approximate 5 million ounce gold reserve in southern Argentina, is on indefinite hold. The Company will continue to maintain its claim holdings in the event that this project may one day go forward.

Exploration Philosophy

NDR is concentrating its efforts within areas that it views as having significant opportunity for new mineral discoveries. For those many prospects that come under review, the Company has developed quality control criteria to better assure that exploration dollars are directed at opportunities with the greatest possibility for success. The Company is seeking both advanced opportunities and early stage prospects that have clear economic potential. The Company continues to support an exploration office in Peru where a constant stream of opportunities are evaluated and prioritized. There is also a focus on Nevada where five properties enjoy project status and several others are under active assessment. Many prospects that are reviewed emerge from a broad network of Industry contacts that is continuously growing. To give support to this network the Company has in place prospecting agreements and as warranted, offers the promise of finder’s fees.

RISKS AND UNCERTAINTIES

NDR has no history of profitable operations and is a development stage company. As such, it is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and lack of revenues.

Given the early stage of its operations, there is no assurance that NDR will be successful in achieving a return on shareholders’ investment. The Company’s financial success is dependent on the acquisition of properties which could be economically viable to develop.

Mineral exploration is a speculative venture. There is no assurance that NDR's exploration activities will result in any discoveries of commercial bodies of ore. The success of the operations and activities of the Company is dependent to a large extent on the efforts and abilities of its management.

Locating mineral deposits depends upon a number of factors, including the expertise and skill of the exploration personnel involved. NDR is very dependent upon the personal efforts and commitment of its existing management who devote less than 100% of their time to the Company’s affairs. To the extent that management's services would be unavailable for any reason, a disruption to the operations of NDR could result, and other persons would be required to manage and operate the Company.

The mineral industry is intensely competitive in all its phases. NDR competes with many other mineral exploration companies who have greater financial resources and experience.

The market price of precious metals and other minerals is volatile and cannot be controlled.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of NDR and is derived from unaudited quarterly financial statements prepared by management. NDR’s interim financial statements are prepared in accordance with Canadian generally accepted accounting principles and expressed in Canadian dollars.

Period	Revenues	Net loss for the period	Net loss per share for the period
Three months ended May 31, 2008	$ Nil	$ (115,185)	$ (0.01)
Three months ended February 29, 2008	$ Nil	$ (416,291)	$ (0.03)
Three months ended November 30, 2007	$ Nil	$ (398,910)	$ (0.03)
Three months ended August 31, 2007	$ Nil	$ (187,378)	$ (0.02)
Three months ended May 31, 2007	$ Nil	$ (141,333)	$ (0.01)
Three months ended February 28, 2007	$ Nil	$ (263,728)	$ (0.03)
Three months ended November 30, 2006	$ Nil	$ (272,328)	$ (0.03)
Three months ended August 31, 2006	$ Nil	$ (125,886)	$ (0.02)

Quarterly results will vary in accordance with the Company's exploration and financing activities.

Mineral exploration is typically a seasonal business, and accordingly, the Company's administrative expenses and cash requirements will fluctuate depending upon the season. The Company's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level normally declines accordingly. As capital markets strengthen and the Company is able to secure equity financing with favorable terms, the Company's activity levels and the size and scope of planned exploration projects will increase.

Another factor that affects the Company's reported quarterly results are write-downs or write-offs of capitalized resource property costs. The Company writes down or writes off capitalized resource property costs when exploration results indicate that no further work is warranted. The size and timing of these write-offs cannot typically be predicted and affect the Company's quarterly results. The Company regularly reviews its resource properties to determine whether or not a write-down or write-off of capitalized resource property costs is required. Stock-based compensation, a non-cash expense, also affects the size of the Company's quarterly loss.

LIQUIDITY

The Company's working capital at May 31, 2008 was $82,916. Subsequent to the year end the Company raised gross proceeds of $1,269,250 from a private placement (see "Highlight subsequent to year end" for details).

Cash used in operating activities during the Current Period totaled $215,593, related to the ongoing general and administrative expenses of the Company. Cash used in investing activities totaled $899,565; $926,077 was spent on the acquisition and exploration of mineral properties, $3,487 to fund a reclamation bond, while $30,000 was received on the sale of investments. The Company received $1,053,354 from net financing activities, the early warrant exercise program in August 2007 and the private placement in January 2008.

CAPITAL RESOURCES

The Company has no operations that generate cash flow and its long term financial success is dependant on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales and from the exercise of convertible securities. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record and the experience and caliber of its management.

The Company currently has sufficient financial resources to meet its administrative overhead expenses for the next twelve months to undertake all of its committed and planned exploration activities. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activity. Management believes it will be able to raise equity capital as required in the long term, but recognize there will be risks involved that may be beyond their control. The Company intends to continue to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions not noted elsewhere in these consolidated financial statements are as follows:

Service fees of $14,400 (Comparative Period – $17,400) were paid to International Northair Mines Ltd. ("Northair"), a company with certain officers and directors in common, under the terms of a January 1, 1998 management and cost sharing agreement. The agreement is automatically renewed from year to year. Either party can terminate the agreement by giving three months written notice prior to the anniversary date. In addition, the Company incurred $109,462 (Comparative Period – $74,717) during the current year for salary expenses related to management, administrative and investor relations activities provided by Northair. Included in accounts payable as at May 31, 2008 is $33,073 (Comparative Period – $3,901) due to Northair.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

CHANGES IN ACCOUNTING POLICIES

Accounting policies implemented effective June 1, 2007

The Company prospectively adopted the CICA Handbook recommendation regarding the presentation of equity and changes in equity. These recommendations require separate presentation of the components of equity, including retained earnings, accumulated other comprehensive income, contributed surplus, share capital and reserves, and the changes therein.

The Company prospectively adopted the CICA Handbook Section 3855, Financial Instruments ("Section 3855"), which establish standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives. These recommendations require that fair value be used to measure financial assets that are held for trading or available for sale, financial liabilities that are held for trading and all derivative financial instruments. Other financial assets, such as loans and receivables and investments that are held to maturity and other financial liabilities are measured at their carrying value.

The Company prospectively adopted the CICA Handbook Section 3865, Hedges, which establish standards for the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. The purpose of hedge accounting is to ensure that gains, losses, revenues and expenses from effective hedging relationships are recorded in earnings in the same period. This change in accounting policy had no effect on the consolidated financial statements for the year ended May 31, 2008 as the Company does not apply hedge accounting.

The Company prospectively adopted the CICA Handbook Section 1530, Comprehensive Income. Comprehensive income consists of changes in the equity of the Company from sources other than the Corporation's share owners, and includes earnings of the Company, the foreign currency translation adjustment relating to self-sustaining foreign operations and unrealized gains and losses on changes in fair values of available for sale assets and effective cash flow hedging instruments. Other comprehensive income comprises revenues, expenses and gains and losses that are recognized in comprehensive income but are excluded from earnings for the period. Comprehensive income is required to be disclosed in a separate statement in the consolidated financial statements.

The Company adopted the revised CICA Handbook Section 1506, Accounting Changes, which requires that: (a) a voluntary change in accounting principals can be made if, and only if, the changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change and (c) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

Accounting policies to be implemented effective June 1, 2008

In March 2007, the CICA issued Section 3862, Financial Instruments – Disclosures ("Section 3862") and Section 3863, Financial Instruments – Presentation ("Section 3863"), which together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. The standard deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These sections are effective June 1, 2008. The Company is currently evaluating the impact on its financial statement disclosure and presentation.

In December 2006, the CICA issued Section 1535, Capital Disclosures. This section establishes standards for disclosing information about an entity's objectives, policies, and processes for managing capital. This section is effective June 1, 2008, and the Company is currently evaluating the impact on the Company's disclosure and presentation.

In June 2007, the CICA issued Section 3031, Inventories, which provides more guidance on the measurement and disclosure requirements for inventories. Specifically the new pronouncement requires inventories to be measured at the lower of cost and net realizable value, and provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. The new pronouncement is effective June 1, 2008, and the Company is currently evaluating the impact on its accounting and disclosure for inventories.

Accounting policies to be implemented effective June 1, 2009

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets ("Section 3064"), which replaces Section 3062, Goodwill and Other Intangible Assets ("Section 3062") and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section will be applicable to the Company's financial statements for its fiscal year beginning June 1, 2009. The Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements.

International Financial Accounting Standards

On February 13, 2008, the Accounting Standards Board announced that publicly accountable entities will be required to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company is currently in the process of developing a conversion implementation plan and assessing the impacts of the conversion on the consolidated financial statements and disclosures of the Company.

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, receivables, short-term investments, accounts payable and accrued liabilities, and due to related parties. Cash is designated as "held-for-trading" and are measured at fair value. Receivables are designated as "loans and receivables". Short-term investments are designated as "available for sale". Accounts payable and accrued liabilities and due to related parties are designated as "other financial liabilities". The carrying value of the cash, receivables, and accounts payable and accrued liabilities and due to related parties approximates their fair values due to their immediate or short-term maturity. Short-term investments are recorded at fair value based on quoted market prices at the balance sheet date.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning NDR's general and administrative expenses and mineral property costs is provided in the Company's Consolidated Statement of Loss and the Consolidated Schedule of Resource Property Costs contained in its Consolidated Financial Statements for May 31, 2008. These statements are available on NDR's website at www.newdimensionresources.com or on its SEDAR Page Site accessed through www.sedar.com.

OUTSTANDING SHARE DATA

NDR's authorized share capital is unlimited common shares without par value. As at September 25, 2008, there are 23,351,512 common shares issued and outstanding.

As at September 25, 2008, the Company had the following stock options outstanding:

Shares	Exercise Price	Expiry Date
510,000	$0.350	January 18, 2011
5,000	$0.300	June 16, 2011
180,000	$0.460	September 26, 2011
50,000	$0.310	January 24, 2012
125,000	$0.350	April 23, 2012
30,000	$0.210	February 28, 2013
115,000	$0.140	June 13, 2013
40,000	$0.125	July 31, 2013
1,055,000	$0.332	

As at September 25, 2008, the Company had the following warrants outstanding:

Warrants	Exercise Price	Expiry Date
2,664,046	$0.45	February 4, 2009
4,308,375	$0.25	June 25, 2010
6,972,421		

APPROVAL

The Board of Directors of NDR has approved the disclosure contained in this Annual MD&A. A copy of this Annual MD&A will be provided to anyone who requests it.

ADDITIONAL INFORMATION

Additional information relating to NDR is on SEDAR at www.sedar.com.

Forward-Looking Information

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, permitting risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parametres as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual financial statements which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

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Auditors' Report

To the Shareholders of New Dimension Resources Ltd.

We have audited the consolidated balance sheets and the consolidated schedules of mineral property costs of New Dimension Resources Ltd. as at May 31, 2008 and 2007 and the consolidated statements of loss, comprehensive loss, shareholder's equity and cash flows for each of the years in the two year period ended May 31 2008. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the 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 May 31 2008 and 2007 and the results of its operations and its cash flows for each of the years in the two year period ended May 31 2008 in accordance with Canadian generally accepted accounting principles.

Signed *PricewaterhouseCoopers LLP*

Chartered Accountants
Vancouver, British Columbia
September 29, 2008

NEW DIMENSION RESOURCES LTD.

(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2008 and 2007

Canadian Funds

New Dimension Resources Ltd.

(A Development Stage Company)

Consolidated Balance Sheets

May 31, 2008 and 2007

Canadian Funds

ASSETS	2008	2007
Current		
Cash and cash equivalents	**$ 207,886**	$ 269,690
Receivables	**34,455**	9,778
Prepaid expenses	**-**	17,008
Short term investments *(Note 6)*	**24,076**	78,150
	266,417	374,626
Reclamation deposits *(Note 7)*	**15,030**	11,543
Mineral properties *- schedule (Note 7)*	**1,552,215**	1,315,473
	$ 1,833,662	$ 1,701,642
LIABILITIES		
Current		
Accounts payable and accrued liabilities *(Note 10)*	**$ 183,501**	$ 78,969
Future income tax liability *(Note 8)*	**348,812**	280,945
Asset retirement obligation *(Note 7)*	**12,572**	8,386
	544,885	368,300
SHAREHOLDERS' EQUITY		
Share capital *(Note 9)*	**3,250,919**	2,105,608
Warrants *(Note 9)*	**159,684**	236,021
Contributed surplus	**285,807**	257,506
Accumulated other comprehensive loss	**(24,075)**	-
Deficit	**(2,383,558)**	(1,265,793)
	1,288,777	1,333,342
	$ 1,833,662	$ 1,701,642

Going concern *(Note 1)*
Commitments *(Note 7)*
Subsequent events *(Note 13)*

ON BEHALF OF THE BOARD:

"F.G. Hewett" Director

"D. Bruce McLeod" Director

- See accompanying notes to the consolidated financial statements -

New Dimension Resources Ltd.

(A Development Stage Company)

Consolidated Statements of Loss

Years ended May 31, 2008 and 2007

Canadian Funds

	2008	2007
General and administrative expenses		
Management and administrative fees	$ **14,400**	$ 17,400
Salaries and benefits	**83,002**	53,410
Stock-based compensation *(Note 9)*	**28,301**	102,305
Professional fees	**96,346**	110,554
Regulatory and transfer agent fees	**23,959**	18,018
Shareholder information and meetings	**66,270**	47,293
Office and general	**37,157**	48,995
Loss before the undernoted	**(349,435)**	(397,975)
Write off of exploration costs	**(920,239)**	(398,076)
Gain from property option agreement	**-**	15,986
Gain (loss) on the sale of investments	**-**	10,620
Write-down of investments	**-**	(86,050)
Foreign exchange loss	**(5,928)**	(27,997)
Interest and other income	**27,021**	17,179
Loss before taxes	**(1,248,581)**	(866,313)
Future income tax recovery *(Note 8)*	**130,816**	63,038
Net loss for the period	$ **(1,117,765)**	$ (803,275)
Loss per share – basic and diluted	$ **(0.09)**	$ (0.08)
Weighted average number of shares outstanding	**12,627,288**	9,648,876

Consolidated Statements of Comprehensive Loss

Years ended May 31, 2008 and 2007

Canadian Funds

	2008	2007
Net loss for the period	$ **(1,117,765)**	$ (803,275)
Other comprehensive gain (loss):		
Unrealized loss on available-for-sale investments	**(24,075)**	**-**
Comprehensive loss	$ **(1,141,840)**	$ (803,275)

- See accompanying notes to the consolidated financial statements -

New Dimension Resources Ltd.
(A Development Stage Company)
Consolidated Statements of Cash Flows
Years ended May 31, 2008 and 2007
Canadian Funds

	2008	2007
Operating activities		
Loss for the period	$ **(1,117,765)**	$ (803,275)
Items not affecting cash		
Write off of exploration costs	**920,239**	398,076
(Gain) loss on the sale of investments	**-**	(10,620)
Gain from a property option agreement	**-**	(15,986)
Write-down of investments	**-**	86,050
Stock-based compensation	**28,301**	102,305
Future income tax recovery	**(130,816)**	(63,038)
Changes in non-cash working capital *(Note 11)*	**84,448**	16,353
	(215,593)	(290,135)
Investing activities		
Proceeds on the sale of investments	**30,000**	22,420
Reclamation bond	**(3,488)**	354
Mineral property costs	**(926,077)**	(609,334)
	(899,565)	(586,560)
Financing activities		
Shares, units or warrants issued	**1,059,269**	687,250
Issue costs	**(5,915)**	(3,439)
	1,053,354	683,811
Net increase (decrease) in cash	**(61,804)**	(192,884)
Cash position - beginning of period	**269,690**	462,574
Cash position - end of period	$ **207,886**	$ 269,690

Supplemental schedule of non-cash investing and financing transactions:		
Shares issued for property acquisition	$ **15,620**	$ 23,250
Future income tax capitalized to mineral property costs	$ **198,683**	$ 100,525
Fair value of options exercised	$ **-**	$ 8,168
Fair value of warrants exercised	$ **128,399**	$ -
Fair value of warrants issued	$ **52,062**	$ 236,021
Reclamation costs included in resource property costs	$ **4,186**	$ 8,386
Option payment (shares) received	$ **-**	$ 140,000
Mineral property costs included in accounts payable	$ **12,415**	$ 17,680

- See accompanying notes to the consolidated financial statements -

New Dimension Resources Ltd.
(A Development Stage Company)

Consolidated Statements of Shareholders' Equity

Years ended May 31, 2008 and 2007
Canadian Funds

	Share capital (number of shares)	Share capital (amount)	Contributed surplus	Warrants	Accumulated other comprehensive income	Deficit	Total
May 31, 2006	7,464,139	$ 1,626,400	$ 163,369	$ -	$ -	$ (462,518)	$ 1,327,251
Private placement units	2,873,440	496,585	-	236,021	-	-	732,606
Issue costs	-	(61,045)	-	-	-	-	(61,045)
Options exercised	35,000	20,418	(8,168)	-	-	-	12,250
Property acquisition	50,000	14,000	-	-	-	-	14,000
Property option payment	25,000	9,250	-	-	-	-	9,250
Stock based compensation	-	-	102,305	-	-	-	102,305
Net loss	-	-	-	-	-	(803,275)	(803,275)
May 31, 2007	10,447,579	2,105,608	257,506	236,021	-	(1,265,793)	1,333,342
Private placement	2,664,346	510,222	-	22,647	-	-	532,869
Issue costs	-	(25,865)	-	-	-	-	(25,865)
Warrant exercise program	1,689,237	679,958	-	(98,984)	-	-	580,974
Issue costs	-	(34,624)	-	-	-	-	(34,624)
Property acquisitions	70,000	15,620	-	-	-	-	15,620
Stock based compensation	-	-	28,301	-	-	-	28,301
Other comprehensive income	-	-	-	-	(24,075)	-	(24,075)
Net loss	-	-	-	-	-	(1,117,765)	(1,117,765)
May 31, 2008	14,871,162	$ 3,250,919	$ 285,807	$ 159,684	$ (24,075)	$ (2,383,558)	$(1,288,777)

New Dimension Resources Ltd.
(A Development Stage Company)
Consolidated Schedules of Mineral Property Costs
May 31, 2008 and 2007
Canadian Funds

	Ending Balance May 31, 2007	Acquisition Costs	Exploration Costs	**Ending Balance May 31, 2008**
United States				
Golden Shear, Nevada, USA				
Acquisition and tenure	$ 167,934	$ -	$ -	**$ 167,934**
Drilling	30,628	-	-	**30,628**
Wages and consultants	21,879	-	8,002	**29,881**
General exploration	71,353	-	6,923	**78,276**
Written off	-	-	(306,719)	**(306,719)**
	291,794	-	(291,794)	**-**
Stephen's Lease, Nevada, USA				
Acquisition and tenure	17,649	-	-	**17,649**
General exploration	9,220	-	-	**9,220**
Written off	-	-	(26,869)	**(26,869)**
	26,869	-	(26,869)	**-**
Trend, Nevada, USA				
Acquisition and tenure	381,223	20,347	-	**401,570**
General exploration	4,047	-	27,353	**31,400**
Finders fee recovery (shares)	(10,000)	-	-	**(10,000)**
	375,270	20,347	27,353	**422,970**
Reese River, Nevada, USA				
Acquisition and tenure	17,158	39,108	-	**56,266**
General exploration	39,190	-	106,343	**145,533**
	56,348	39,108	106,343	**201,799**
Black Rock, Nevada, USA				
Acquisition and tenure	25,635	36,172	-	**61,807**
General exploration	13,510	-	220,265	**233,775**
	39,145	36,172	220,265	**295,582**
GV3, Nevada, USA				
Acquisition and tenure	11,174	5,717	-	**16,891**
General exploration	10,264	-	193,529	**203,795**
Written off	-	(5,717)	(214,967)	**(220,684)**
	21,438	-	(21,438)	**-**
Hannapah, Nevada, USA				
Acquisition and tenure	-	24,642	-	**24,642**
General exploration	-	-	53,193	**53,193**
	-	24,642	53,193	**77,834**
San Francisco, Nevada, USA				
General exploration	-	-	5,621	**5,621**
	-	-	5,621	**5,621**
East Walker, Nevada, USA				
General exploration	-	-	5,373	**5,373**
	-	-	5,373	**5,373**

New Dimension Resources Ltd.
(A Development Stage Company)
Consolidated Schedules of Mineral Property Costs *(Continued)*
May 31, 2008 and 2007
Canadian Funds

	Ending Balance May 31, 2007	Acquisition Costs	Exploration Costs	**Ending Balance May 31, 2008**
Peru				
Cori Puncho, Peru				
Acquisition and tenure	393,052	-	-	**393,052**
Drilling	46,070	-	-	**46,070**
Wages and consultants	36,157	-	320	**36,477**
General exploration	23,325	-	-	**23,325**
Recoveries	(49,331)	-	-	**(49,331)**
	449,273	-	320	**449,593**
Cenepa, Maki and Other, Peru				
Acquisition and tenure	35,235	-	-	**35,235**
General exploration	20,101	-	39,879	**59,980**
Written off (Maki)	-	-	(1,772)	**(1,772)**
	55,336	-	38,107	**93,443**
General Exploration				
General exploration (Canada, USA & South America)	-	-	364,195	**364,195**
Written off	-	-	(364,195)	**(364,195)**
	-	-	-	**-**
	$ 1,315,473	$ 120,268	$ 116,474	**$ 1,552,215**

1. Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that New Dimension Resources Ltd. ("the "Company") will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Several adverse conditions cast substantial doubt on the validity of this assumption. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral property projects.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its mineral projects by issuance of share capital or through joint ventures, and to realize future profitable production or proceeds from the disposition of its mineral interests. During the year ended May 31, 2008 the Company closed an incentive program to encourage the early exercise of its outstanding August 2006 warrants for a total of $546,350 and closed a non-brokered private placement of 2,564,596 units at a price of $0.20 per unit for gross proceeds of $512,919 *(Note 9)*. Subsequent to year end the Company closed a non-brokered private placement with the issuance of 7,115,000 units at a price of $0.15 per unit and the issuance of 1,010,000 flow-through common shares at a price of $0.20 per flow-through share for gross proceeds of $1,269,250 *(Note 13)*. However, there can be no assurance that management's further financing actions will be successful.

If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the balance sheet classifications used. Such adjustments could be material.

2. Nature of operations

The Company engages primarily in the acquisition, exploration and development of mineral properties. The recovery of the Company's investment in mineral properties and the attainment of profitable operations are dependent upon the discovery, development and sale of ore reserves, the ultimate outcomes of which cannot presently be determined as they are contingent on future events.

3. Significant accounting policies

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Dimension Resources (U.S.A.) Inc. (United States), Camino Ventures S.A.C (Peru), and Minera NDR Peru S.A.C. (Peru).

Management's estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. Significant areas where management applies judgement include; the assessment of possible impairment of the carrying value of assets, decisions as to when exploration and development costs should be capitalized or expensed, and factors affecting valuations of stock-based compensation, warrants and stock options. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

3. Significant accounting policies - *continued*

Cash and cash equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and highly liquid debt investments with remaining maturities at point of purchase of three months or less.

Short-term deposits

Short-term deposits include amounts held in banks and liquid debt investments with remaining maturities at point of purchase of 90 days or more.

Mineral properties costs

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Mineral exploration and development costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned or impaired. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while those costs for the prospects abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge all of its properties are in good standing.

Income taxes

The asset and liability method is used for determining future income taxes. Under the asset and liability method, the change in the net future tax asset or liability is included in income. The income tax effects of temporary differences between the time when income and expenses are recognized in accordance with Company accounting practises and the time they are recognized for income tax purposes are reflected as future income tax assets or liabilities. Future income tax assets and liabilities are measured using statutory rates that are expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

Asset retirement obligations

The Company recognizes a legal liability for obligations relating to retirement of property, plant and equipment or the reclamation of mineral exploration or development activities, and arising from the normal operation of those assets. Such asset retirement costs must be recognized at fair value, when a reasonable estimate of fair value can be estimated, in the period in which it is incurred, added to the carrying value of the assets, and amortized into income on a systematic basis over the asset’s expected life.

3. Significant accounting policies - *continued*

Share capital

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value on the date of issue.

The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a pro-rata basis based on relative fair values as follows: the fair value of the common shares is based on the market close on the date the units are issued and the fair value of the common share purchase warrants is determined using the Black-Scholes option pricing model.

Stock-based compensation

The fair value of stock options granted under the Company's stock option plan is estimated at the grant date using the Black-Scholes option pricing model. Compensation expense is recognized on a straight-line basis over the stock option vesting period.

Income (loss) per share

Basic income (loss) per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted income (loss) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on income (loss) per share. The dilutive effect of convertible securities is reflected in diluted income (loss) per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted income (loss) per share by application of the treasury stock method. All potentially dilutive instruments were anti-dilutive for the years presented.

Foreign currency translation

The Company's subsidiaries are integrated foreign operations and the results and financial position are translated into the Company's functional currency, the Canadian dollar, using the temporal method as follows:

i. monetary assets and liabilities at year-end rates;
ii. all other assets and liabilities at historical rates; and
iii. revenue and expense and exploration and development items at the average rate of exchange prevailing during the year.

Exchange gains and losses arising from these transactions are reflected in income or expense in the year that they occur.

Impairment of long-lived assets

The Company assesses the possibility of impairment in the net carrying value of its long-lived assets when events or circumstances indicate impairment may have occurred. Management calculates the estimated undiscounted future net cash flows relating to the asset or asset group using estimated future prices, proven and probable reserves and other mineral resources, and operating, capital and reclamation costs. When the carrying value of an asset exceeds the related undiscounted cash flows, the asset is written down to its estimated fair value, which is usually determined using discounted cash flows.

3. Significant accounting policies - *continued*

Financial instruments

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "held-for-trading", "available-for-sale", "held-to-maturity", "loans and receivables", or "other financial liabilities" as defined by the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, Financial Instruments – Recognition and Measurement.

Financial assets and financial liabilities "held-for-trading" are measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are measured at fair value, with changes in those fair values recognized in other comprehensive income ("OCI") except for other-than-temporary impairment which is recorded as a charge to other expenses. Financial assets "held-to-maturity", "loans and receivables" and "other financial liabilities" are measured at amortized cost.

4. Changes in accounting policies

Accounting policies implemented effective June 1, 2007

Effective June 1, 2007, the Company prospectively adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, Financial Instruments, which establishes standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives. These recommendations require that fair value be used to measure financial assets that are held for trading or available for sale, financial liabilities that are held for trading and all derivative financial instruments. Other financial assets, such as loans and receivables and investments that are held to maturity and other financial liabilities are measured at their carrying value. The main impact on the Company's financial statements was the recognition of the fair value of the short term investments which had been carried at the lower of cost or market.

Effective June 1, 2007, the Company prospectively adopted the CICA Handbook Section 3865, Hedges, which establish standards for the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. The purpose of hedge accounting is to ensure that gains, losses, revenues and expenses from effective hedging relationships are recorded in earnings in the same period. This change in accounting policy had no effect on the consolidated financial statements as the Company does not apply hedge accounting.

Effective June 1, 2007, the Company prospectively adopted the CICA Handbook Section 1530, Comprehensive Income. Comprehensive income consists of changes in the equity of the Company from sources other than the share owners, and includes earnings of the Company, the foreign currency translation adjustment relating to self-sustaining foreign operations and unrealized gains and losses on changes in fair values of available for sale assets and effective cash flow hedging instruments. Other comprehensive income comprises revenues, expenses and gains and losses that are recognized in comprehensive income but are excluded from earnings for the period. Comprehensive income is required to be disclosed in a separate statement in the consolidated financial statements. No transitional adjustments were required at June 1, 2007.

4. Changes in accounting policies - *continued*

Effective June 1, 2007, the Company prospectively adopted the CICA Handbook Section 3251, Equity, regarding the presentation of equity and changes in equity. These recommendations require separate presentation of the components of equity, including retained earnings, accumulated other comprehensive income, contributed surplus, share capital and reserves, and the changes therein.

Effective June 1, 2007, the Company adopted the revised CICA Handbook Section 1506, Accounting Changes, which requires that: (a) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change and (c) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

Accounting polices to be implemented effective June 1, 2008

In March 2007, the CICA issued Section 3862, Financial Instruments – Disclosures ("Section 3862") and Section 3863 Financial Instruments – Presentation ("Section 3863"), which together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. The standard deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These sections are effective June 1, 2008. The Company is currently evaluating the impact on its financial statement disclosure and presentation.

In December 2006, the CICA issued Section 1535, Capital Disclosures. This section establishes standards for disclosing information about an entity's objectives, policies, and processes for managing capital. This section is effective June 1, 2008, and the Company is currently evaluating the impact on the Company's disclosure and presentation.

In June 2007, the CICA issued Section 3031, Inventories which provides more guidance on the measurement and disclosure requirements for inventories. Specifically the new pronouncement requires inventories to be measured at the lower of cost and net realizable value, and provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. The new pronouncement is effective June 1, 2008, and will have no impact on the Company's accounting or disclosures.

Accounting policies to be implemented effective June 1, 2009

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets ("Section 3064"), which replaces Section 3062, Goodwill and Other Intangible Assets ("Section 3062") and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section will be applicable to the Company's financial statements for its fiscal year beginning June 1, 2009. The Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements.

5. Financial instruments

Financial instruments carrying value and fair value

The Company's financial instruments consist of cash, receivables, short-term investments, reclamation deposits, and accounts payable and accrued liabilities.

Cash is designated as "held-for-trading" and measured at fair value. Receivables are designated as "loans and receivables". Short term investments are designated as "available for sale". Reclamation deposits are designated as "held to maturity". Accounts payable and accrued liabilities are designated as "other financial liabilities".

The carrying value of cash, receivables, and accounts payable and accrued liabilities approximate their fair values due to their immediate or short-term maturity. Short-term investments are recorded at fair value based on quoted market prices at the balance sheet date. Management believes that the fair value of the reclamation deposits are approximated by their carrying value as any change in the interest rate would not have a material impact.

Foreign exchange risk

The Company is primarily exposed to currency fluctuations relative to the Canadian dollar through expenditures that are denominated in US dollars. Also, the Company is exposed to the impact of currency fluctuations on its monetary assets and liabilities. The Company currently does not enter into financial instruments to manage foreign exchange risk.

Interest rate risk

The Company is not exposed to significant interest rate risk.

Market risk

The Company is exposed to market risk arising from its holdings of marketable equity securities. Marketable securities are classified as available for sale. The Company intends to liquidate the marketable securities when market conditions are conducive to a sale of these securities.

Credit risk

The Company is exposed to credit risk in the amount of its receivables.

Liquidity risk

The Company has no recent history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. The Company has no investments in asset backed commercial paper.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, from the exercise of convertible securities and from the sale of investments. There can be no such assurance that it will be able to obtain adequate financing in the future or that the terms of any financing will be favourable. Many factors influence the Company's ability to raise funds, including the state of the resource market and commodities prices, the climate for mineral exploration, the Company's track record and the experience and calibre of its management.

6. Short term investments

		2008		2007
Marketable Securities:				
Holdings in unrelated company	$	**24,076**	$	78,150

The Company prospectively adopted the CICA recommendations pertaining to financial instruments, which establish standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives. These recommendations require that fair value be used to measure financial assets that are held for trading or available for sale. In accordance with the new standards, as of June 1, 2007 the Company has classified its investments as available for sale. Accordingly, investments with a book value of $78,150 were measured as of June 1, 2007 at a fair value of $78,150. As of May 31, 2008, investments were measured at a fair value of $24,076 which resulted in an unrealized revaluation loss of $24,075. The revaluation loss has been recognized in accumulated other comprehensive loss.

7. Mineral properties

CANADA

Domain property, Manitoba

The Domain property consists of a mineral exploration license which covers 14,000 hectares in northern Manitoba.

Under the terms of an option agreement between the Company and Rolling Rock Resources Corporation ("Rolling Rock"), Rolling Rock has earned a 65% interest in the property. Payments received have been netted against the original costs of the project, accordingly mineral property costs associated with this project have been reduced to nil.

Donner properties, Labrador

The Company holds an aggregate of 837,119 shares of SVB Nickel Company Ltd. ("SVBN") representing a 6.56% interest. Future exploration of the Donner properties in Labrador, held by SVBN, will be funded by the various shareholders of SVBN. Non-contributions, dilution of interest and third party contributions are governed by a shareholders' agreement. Mineral property costs associated with this project are nil.

7. Mineral properties - *continued*

UNITED STATES

Golden Shear project, Nevada

In November 2007 the Company notified Platoro West Incorporated of its intent to terminate their agreement as of December 31, 2007. All costs associated with the project have been written off.

The Company continues to recognize an asset retirement obligation of $8,386 for the Golden Shear project, representing the estimated future cash flows relating to the reclamation cost for the property. Such cash flows were based on the bond to provide for surface disturbing activities conducted by the Company and filed with the Bureau of Land Management, Nevada. The asset retirement obligation has been fully funded.

Trend project, Nevada

In February 2008, the Company executed an option agreement with Calibre Mining Corp. ("Calibre"). The option agreement will allow Calibre to earn up to a 65% interest in the Trend property by completing US$1.5 million in exploration expenditures and maintaining obligations to property vendors, over a four year period. First year exploration expenditures include a firm commitment of US$500,000, and must include drilling on the Trend property. Calibre will have the option to acquire an additional 10% interest (for a total of 75%) by funding and completing a preliminary economic assessment. Calibre will be the operator of the property. Currently, the Company has a 100% undivided interest in the Trend property, subject to vendor payments and a 1% NSR.

Black Rock project, Nevada

In 2007, the Company acquired a 100% interest in the Black Rock Project gold-silver property located in the Como mining district of western Nevada. The Company can earn a 100% interest in the property by making cash payments aggregating US$200,000 and issuing 250,000 common shares in the capital of the Company over a five year period.

GV3 property, Nevada

Due to the limited tonnage potential indicated from the Company's drill program, the Company has elected to return the property to the vendors, Silverthorne Exploration Inc.

The Company continues to recognize an asset retirement obligation of $4,186 for the GV3 project, representing the estimated future cash flows relating to the reclamation cost for the property. Such cash flows were based on the bond to provide for surface disturbing activities conducted by the Company and filed with the Bureau of Land Management, Nevada. The asset retirement obligation has been fully funded.

Reese River property, Nevada

In July 2007 the Company announced that it had acquired, through lease/option agreements and staking, a property position in the Reese River Mining District (also known as the Austin District) located in central Nevada. The land package was acquired to cover the New York Canyon and Amador Canyon areas.

7. Mineral properties - *Continued*

The Company can acquire its interest in the 23 optioned New York Canyon patented claims by a lease agreement with annual payments and a 3% Net Smelter Return. The NSR can be reduced to 1% by paying the lessor US$3 million. The Company can also earn a 100% interest in a block of 24 unpatented claims that cover much of the Amador Canyon zone of mineralization. This agreement allows the Company to earn its interest by making annual payments and issuing shares of the Company over five years. The vendor retains a 3% NSR, with the Company having the right to purchase two of the three percentage points for US$2 million. In addition to the above two agreements, the Company has staked 45 claims to tie the New York Canyon and Amador claim blocks together and cover additional areas of exploration potential. All of the Company's ground is contiguous.

In February 2008, the Company entered into an option agreement to acquire the San Francisco property, owned by Gold Summit Corporation, which adjoins the Company's Reese River property. The Company can earn an initial 51% interest in the San Francisco property by spending US$350,000 over an initial three year period. The Company can increase its interest to 61% by spending an additional US$1.3 million over three subsequent years; and can increase to a 75% interest with the completion of a scoping study.

Hannapah project, Nevada

The Company acquired, between October and November 2007, the Hannapah Project by staking 109 mineral claims near Tonopah in western Nevada.

East Walker project, Nevada

The Company entered into an agreement in May 2008 with Gryphon Gold Corporation ("Gryphon Gold") to acquire up to 65% interest in the East Walker gold project located in western Nevada. The Company can earn a 51% interest in East Walker by making an initial US$10,000 cash payment, issuing 75,000 shares to Gryphon Gold, and completing US$120,000 in exploration within two years. Upon earning 51%, the Company can increase its interest to 65% by completing an additional US$250,000 of work over a second two year period.

PERU

Cori Puncho project, Peru

In March 2007, Romarco Minerals Inc. ("Romarco") and the Company reached an agreement to terminate their 50/50 joint venture. As a result, effective January 1, 2007, the Company's Peruvian subsidiary Camino Ventures assumed direct control of the remaining assets of the Cori Puncho project. The cost basis of the assets received were recorded using Romarco's carrying value of nil. In consideration for its share of the assets of the Cori Puncho project, Romarco received a net profit interest of 5% and will receive 25% of any future property payments to a maximum of US$100,000.

Cenepa project, Peru

In June of 2006, Minera NDR Peru S.A.C. ("Minera NDR") a Peruvian corporation, which the Company has an irrevocable right to acquire, filed petitions with the Peruvian Ministry of Mines for ten mining concessions situated along the Ecuador border. Initially seven of the ten concessions occurred within an area being considered for wilderness status and title to the claims was delayed. In September of 2007 the Company was notified that a Supreme Decree was issued reducing the size of the potential wilderness area and Minera NDR's application for these concessions is now outside this restricted area. Minera NDR is proceeding to confirm title.

7. Mineral properties - *continued*

Maki project, Peru

After detailed work the Company has concluded that the Maki project would not justify the cost of a drill program and has dropped the property. All costs associated with the project have been written off.

Odilin project, Peru

In October 2006, the Company signed an option agreement to earn a 100% interest in the Odilin Project in the Department of Cajamarca, Peru. Pursuant to the terms of this option agreement, the Company must make cash payments totalling US$116,000 over seven years. The owners of the property will receive 10% of any property payments received by the Company from third parties, up to a maximum of US$250,000.

8. Income taxes

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earning before income taxes. These differences result from the following items:

		2008		2007
Loss before income taxes		**(1,248,581)**		(866,313)
Canadian federal and provincial income tax rate		**33.03%**		34.12%
Income tax recovery based on the above rates	$	**(412,406)**	$	(295,586)
Decrease due to:				
Non-deductible expenses and foreign exchange		**3,636**		33,444
Losses and temporary differences for which no future income tax asset has been recognized		**272,506**		189,083
Difference between foreign and Canadian tax rates		**5,448**		10,021
Income tax recovery	$	**(130,816)**	$	(63,038)

The components of future income taxes are as follows:

		2008		2007
Future income tax assets				
Non-capital losses	**$**	**244,234**	$	174,098
Mineral property costs		**80,366**		87,213
Other		**26,653**		30,255
Future income tax assets		**351,253**		291,566
Valuation allowance		**(346,853)**		(288,631)
Future income tax assets		**4,400**		2,935
Future income tax liability				
Mineral property costs		**353,212**		283,880
Future income tax liability		**353,212**		283,880
Net future income tax liability	**$**	**348,812**	$	280,945

The Company recorded a future income tax recovery of $130,816 related to certain properties written off during the year which had future income tax liabilities associated with them.

8. Income taxes - *continued*

The Company has non-capital loss carry-forwards of approximately $911,614 that may be available for tax purposes. The loss carry-forwards are all in respect of Canadian and Peruvian operations and expire as follows:

	Canada	Peru	Total
2010	$ -	$ 100,094	$ 100,094
2011	-	41,117	41,117
2012	-	39,145	39,145
2026	139,617	-	139,617
2027	284,136	-	284,136
2028	307,505	-	307,505
	$ 731,258	$ 180,356	$ 911,614

A full valuation allowance has been recorded against the net potential future income tax assets associated with these loss carry-forwards and certain other deductible temporary differences as their utilization is not considered more likely than not at this time.

9. Shareholders' equity

Authorized share capital

Unlimited common shares without par value.

Early warrant exercise

The Company announced in July 2007 that it was encouraging the early exercise of 2,873,440 warrants ("August 2006 Warrants") by amending the terms of the August 2006 Warrants to enable the holder to receive a unit consisting of a common share and an additional half warrant for each August 2006 Warrant exercised prior to the expiry date of the incentive program.

In August 2007, the Company closed the incentive program to encourage the early exercise of its outstanding August 2006 Warrants. A total of 1,561,000 warrants were exercised under the Program for a total of $546,350. Under the program, each holder received a unit consisting of a common share and an additional half warrant ("New Warrant") for each August 2006 Warrant exercised. Each whole New Warrant allows the holder to acquire one common share of the Company at a price of $0.45 per share for one year following the date of issue of the unit, on August 23, 2007. The Company paid a commission to Haywood Securities Inc. of 128,237 common shares, which is equal to 7% of the proceeds raised for their services in soliciting the August 2006 Warrant holders. A total of 1,312,440 of the original August 2006 Warrants are still remaining to be exercisable under the original terms.

Private placement

In February 2008, the Company closed a non-brokered private placement of 2,564,596 units at a price of $0.20 per unit for gross proceeds of $512,919. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable for one year from the date of issuance to purchase an additional common share of the Company for $0.45. The Company paid finders fees in respect of certain purchasers of securities. The finders' fees equalled 7% of the $340,000 subscribed to by those purchasers and were paid part in cash and part in units.

9. Shareholders' equity - *continued*

Stock options

Under the terms of the Company's stock option plan, a total of 1,487,116 common shares have been reserved for issuance. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or if the optionee is a consultant. The vesting periods of options outstanding range from immediately to one year and expire 5 years from the grant date.

A summary of the Company's stock options is as follows:

	Options Outstanding	Weighted Average Exercise Price
Balance – May 31, 2006	700,000	$0.35
Granted	500,000	$0.40
Cancelled or expired	(190,000)	$0.36
Exercised	(35,000)	$0.35
Balance – May 31, 2007	975,000	$0.38
Granted	30,000	$0.21
Cancelled or expired	(30,000)	$0.35
Balance – May 31, 2008	975,000	$0.37

As at May 31, 2008, the following stock options are outstanding:

Options Outstanding	Exercise Price	Expiry Date	Options Exercisable	Exercise Price
510,000	$0.35	January 18, 2011	510,000	$0.35
5,000	$0.30	June 16, 2011	5,000	$0.30
255,000	$0.46	September 26, 2011	255,000	$0.46
50,000	$0.31	January 24, 2012	50,000	$0.31
125,000	$0.35	April 23, 2012	125,000	$0.35
30,000	$0.21	February 28, 2013	-	$0.21
975,000	$0.37		945,000	$0.38

Options granted during the year had a total fair value of $3,978 (2007 - $129,593) and a weighted average grant-date fair value of $0.13 (2007 - $0.26). The fair value of options granted was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions:

Risk-free interest rate	3%
Expected dividend yield	NIL
Expected stock price volatility	75%
Expected life (in years)	5

Option pricing models require the input of subjective assumptions including the expected price volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

9. Shareholders' equity - *continued*

Stock-based compensation

During the year ended 2008 $28,301 (2007 - $102,305) was recorded in contributed surplus as stock-based compensation and expensed for the period. The portion of stock based compensation recorded is based on the vesting schedule of the options.

Warrants

A summary of the Company's warrants is as follows:

	Warrants Outstanding	Weighted Average Exercise Price
Balance – May 31, 2006	434,295	$1.25
Issued	2,873,440	$0.35*
Expired	(434,295)	$1.25
Balance – May 31, 2007	2,873,440	$0.35*
Issued	3,444,546	$0.45
Exercised	(1,561,000)	$0.35*
Balance – May 31, 2008	4,756,986	$0.45

*After August 31, 2007 the exercise price increased to $0.45 per share and the expiry date extended to August 31, 2008.

As at May 31, 2008, the following warrants were outstanding:

Number	Price per Share	Expiry Date
780,500	$0.45	August 23, 2008
1,312,440	$0.45	August 31, 2008
2,664,046	$0.45	February 4, 2009
4,756,986	$0.45	

Warrants issued during the year had a total fair value of $52,062 (2007 - $236,021) and a weighted average issue-date fair value of $0.02 (2007 - $0.18). The fair value of warrants has been recorded as a charge to share capital. The fair value of warrants issued was estimated at the date of issue using the Black-Scholes option pricing model. The weighted average assumptions used are:

Risk-free interest rate	3%
Expected dividend yield	NIL
Expected stock price volatility	67%
Expected life (in years)	1

Option pricing models require the input of subjective assumptions including the expected price volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

10. Related Party Transactions

Related party transactions not noted elsewhere in these consolidated financial statements are as follows:

Service fees of $14,400 (2007 – $17,400) were paid to International Northair Mines Ltd. ("Northair"), a company with certain officers and directors in common, under the terms of a January 1, 1998 management and cost sharing agreement. The agreement is automatically renewed from year to year. Either party can terminate the agreement by giving three months written notice prior to the anniversary date. In addition, the Company incurred $109,462 (2007 – $74,717) during the current year for salary expenses related to management, administrative and investor relations activities provided by Northair. Included in accounts payable as at May 31, 2008 is $33,073 (2007 – $3,901) due to Northair.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts are non-interest bearing, unsecured and are payable on demand, therefore, have been classified as current.

11. Changes in non-cash working capital

The change in non-cash working capital is comprised of:

		2008		2007
(Increase) decrease in:				
Receivables	$	**(24,677)**	$	87,871
Prepaid expenses		**17,008**		(5,651)
(Decrease) increase in:				
Accounts payable and accrued liabilities		**92,117**		(65,867)
	$	**84,448**	$	16,353

12. Segmented Information

The Company's business consists of mineral exploration and development. Details on a geographic basis are as follows:

May 31, 2008		Canada		United States		South America		Total
Total assets	$	260,368	$	1,024,209	$	549,085	$	1,833,662
Net income (loss)	$	(247,143)	$	(690,811)	$	(179,810)	$	(1,117,765)

May 31, 2007		Canada		United States		South America		Total
Total assets	$	363,690	$	822,407	$	515,545	$	1,701,642
Net income (loss)	$	(529,177)	$	(112,304)	$	(161,794)	$	(803,275)

13. Subsequent events

Private placement financing

In June 2008 the Company closed a non-brokered private placement with the issuance of 7,115,000 units at a price of $0.15 per unit and the issuance of 1,010,000 flow-through common shares at a price of $0.20 per flow-through share for gross proceeds of $1,269,250. Each unit is comprised of one common share and one-half of one share purchase warrant. Each warrant is exercisable for two years from the date of issuance to purchase an additional common share of the Company for $0.25.

The Company paid finders fees in respect of certain purchasers of securities introduced to the Company by the finder. The finders fees equalled 7% of the aggregate amount subscribed to by those purchasers (which totalled $1,250,250) and were paid as to 3.5% in cash and 3.5% in units, with these units having the same terms as the units issued to the placees. The finders were also issued 560,700 broker’s warrants, the warrants having the same terms as the warrants issued under the units.

Puma Dorado property acquisition

In July 2008 the Company signed agreements to obtain a 100 percent interest in a gold-copper mineral system located near the community of Querobamba in southwestern Peru.

The project is covered by two option agreements. The first agreement allows the Company to purchase a 100% interest in the Chen 6 claim for a total price of US$2,000,000 over five years with an initial payment of US$25,000 for the first year. The second agreement allows the Company to purchase the Puma Dorado claim for US$1,500,000 over five years, with an initial payment of US$15,000 for the first year. This concession also has a US$25,000 first year work commitment.

CORPORATE INFORMATION

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Vice President - Exploration & Director

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Chairman of the Board & Director

D. Bruce McLeod, *P.Eng.*
Director

Bruce C. Grant, *Q.C.*
Director

Ken Thorsen, *P.Eng.*
Director

Stephen Kay, *B.Sc.*
Director

Richard Godfrey
Chief Financial Officer

Brenda Nowak
Corporate Secretary

SENIOR STAFF

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