

**Takara Resources Inc.**  
**Interim Consolidated Financial Statements**  
**(Unaudited)**  
**Three months ended March 31, 2008**

Takara Resources Inc.

**Interim Consolidated Balance Sheets**

*as at March 31, 2008 (Unaudited) and December 31, 2007 (Audited)*

	<b>March 31 2008</b>	December 31 2007
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 1,127,674	\$ 1,477,730
Other receivables	18,148	29,927
Prepaid expenses	62,075	66,672
	<b>1,207,897</b>	1,574,329
Exploration funds (note 9)	890,359	966,995
Equipment (note 4)	17,966	16,271
Deposit for mineral properties	188,406	161,312
Mineral properties (note 7)	466,735	464,121
Deferred exploration expenditures (note 7)	907,455	681,341
	<b>\$ 3,678,818</b>	<b>\$ 3,864,369</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 63,747	\$ 147,072
Accounts payable to companies controlled by director	33,300	32,260
Due to directors, without interest	29,257	9,211
Due to a company controlled by a director, without interest	1,367	3,672
	<b>127,671</b>	192,215
Future income tax liability	349,279	-
	<b>476,950</b>	192,215
<b>Shareholders' equity</b>		
Capital stock (note 5)	4,277,906	4,627,185
Warrants	155,284	155,284
Contributed surplus	544,822	537,645
Deficit	(1,776,144)	(1,647,960)
	<b>3,201,868</b>	3,672,154
	<b>\$ 3,678,818</b>	<b>\$ 3,864,369</b>

*The accompanying notes are an integral part of these interim consolidated financial statements.*

Takara Resources Inc.

**Interim Consolidated Statements of Operations, Comprehensive Loss and Deficit**  
*for the three month period ended March 31 (Unaudited)*

	March 31 2008	December 31 2007
<b>Operating expenses</b>		
Professional and legal fees	40,050	36,456
Travelling	24,697	4,480
General and administration	16,387	2,727
Stock-based compensation <i>(note 6)</i>	7,177	-
Promotion and advertising	4,244	1,960
Rent	3,150	3,774
Management fees <i>(note 8)</i>	31,500	19,000
Amortization of equipment	979	645
	<b>128,184</b>	<b>69,042</b>
<b>Net loss and comprehensive loss for the period</b>	<b>(128,184)</b>	<b>(69,042)</b>
<b>Deficit, beginning of period</b>	<b>(1,647,960)</b>	<b>(113,278)</b>
<b>Deficit, end of period</b>	<b>\$ (1,776,144)</b>	<b>\$ (182,320)</b>
Weighted average number of common shares outstanding	30,083,030	14,507,167
<b>Basic and diluted net loss per share</b>	<b>\$ (0.004)</b>	<b>\$ (0.005)</b>

*The accompanying notes are an integral part of these interim consolidated financial statements.*

Takara Resources Inc.

**Interim Consolidated Cash Flow Statements**  
*for the three month period ended March 31 (Unaudited)*

	March 31 2008	December 31 2007
<b>Operating activities</b>		
Net loss for the period	\$ (128,184)	\$ (69,042)
Items not affecting cash used in operating activities		
Amortization of equipment	979	645
Stock-based compensation expense	7,177	-
	<u>(120,028)</u>	<u>(68,397)</u>
Changes in non-cash working capital		
Other receivables	11,779	-
Sales tax recoverable	-	(10,270)
Prepaid expenses	4,597	(1,887)
Accounts payable and accrued liabilities	(82,285)	71,784
	<u>(185,937)</u>	<u>(8,770)</u>
<b>Investing activities</b>		
Exploration funds	76,636	-
Equipment	(2,674)	(4,299)
Deposit for mineral properties	(27,094)	(88,857)
Mineral properties	(2,614)	(118,610)
Deferred exploration expenses	(226,114)	(159,089)
	<u>(181,860)</u>	<u>(370,855)</u>
<b>Financing activities</b>		
Due to directors	20,046	90,624
Due to a company controlled by a director	(2,305)	5,930
Issuance of shares	-	250,631
	<u>17,741</u>	<u>347,185</u>
<b>Decrease in cash</b>	<b>(350,056)</b>	<b>(32,440)</b>
<b>Cash, beginning of period</b>	<b>1,477,730</b>	<b>76,938</b>
<b>Cash, end of period</b>	<b>\$ 1,127,674</b>	<b>\$ 44,498</b>

*The accompanying notes are an integral part of these interim consolidated financial statements.*

**Notes to Interim Consolidated Financial Statements**

*March 31, 2008 (Unaudited)*

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## **1. Basis of Presentation**

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The accompanying unaudited interim consolidated financial statements of Takara Resources Inc. ("Takara" or the "Company") have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements. Accordingly, they do not contain all of the disclosures required by Canadian GAAP for annual financial statements. These unaudited interim consolidated financial statements should be read in conjunction with Takara's audited annual financial statements for the year ended December 31, 2007, as they follow the same accounting policies and methods of their application as the annual financial statements for the year ended December 31, 2007 except that Takara has adopted the following CICA standards effective for its first quarter commencing on January 1, 2008:

### *Capital Disclosures*

Effective January 1, 2008, Takara adopted the new recommendations of CICA Handbook Section 1535, "Capital Disclosures". The new standard specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Takara manages its capital structure and makes adjustments to it, based on the funds available to Takara, in order to support the acquisition, exploration and development of mineral properties.

The properties in which Takara currently has an interest are in the exploration stage; as such Takara is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, Takara will spend its existing working capital and raise additional amounts as needed. Takara will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Takara is not subject to any externally imposed capital requirement.

### *Financial Instruments – Disclosure and Presentation*

Effective January 1, 2008, Takara adopted the new recommendations of CICA Handbook sections 3862, "Financial Instruments – Disclosures" and 3863, "Financial Instruments – Presentation", which replaced Section 3861, "Financial Instruments – Disclosure and Presentation". These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. Takara has included these disclosures in note 3 to these unaudited interim financial statements.

## **2. Comparative Figures**

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The comparative figures presented in the interim consolidated financial statements are those of Takara Resources (B.C.) Inc., the Company's wholly owned subsidiary.

**Notes to Interim Consolidated Financial Statements**

March 31, 2008 (Unaudited)

**3. Financial Risk Factors**

Takara's risk exposure and the impact on its financial instruments are summarized below:

**Credit Risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. Takara's credit risk is primarily attributable to other receivables. Management believes that credit risk concentration with respect to the financial instruments included in other receivables is remote.

**Liquidity Risk**

Takara's approach to managing liquidity risks is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2008, Takara had a cash balance of \$1,127,674 (December 31, 2007 - \$1,477,730) to settle current liabilities of \$127,671 (December 31, 2007 - \$192,215).

**Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

(a) Interest rate risk

Takara has cash balances and no interest-bearing debt.

(b) Currency risk

Takara is exposed to currency risk as a result of purchases in foreign currencies. The Company's exposure to changes in exchange rates is limited.

(c) Price risk

Price risk is remote since Takara is not a producing entity.

**4. Equipment**

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computers	\$ 7,649	\$ 2,999	\$ 4,650	\$ 5,073
Office equipment	3,247	-	3,247	572
Exploration equipment	11,120	1,050	10,070	10,626
	\$ 22,016	\$ 4,049	\$ 17,967	\$ 16,271

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**Notes to Interim Consolidated Financial Statements**  
*March 31, 2008 (Unaudited)*

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**5. Capital Stock**

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(a) *Authorized*

Unlimited number of common shares

Unlimited number of preferred shares issuable in series

(b) *Issued and outstanding - Common Shares*

The following transactions occurred during the period with respect to common shares:

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	Shares	Amount
Outstanding, beginning of period	30,083,030	\$ 4,627,185
Tax benefits renounced (i)	-	(349,279)
Outstanding, end of period	30,083,030	\$ 4,277,906

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- (i) In connection with the issuance of flow-through shares under the December 27, 2007 private placement, the tax benefit forgone by the Company during the three month period ended March 31, 2008 is \$349,279.

**6. Stock Options and Warrants**

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*Options*

During the period ended March 31, 2008 an amount of \$7,177 was recorded as stock-based compensation with a corresponding increase in contributed surplus. This amount relates to stock options granted in 2007 which have vested during three month period ended March 31, 2008.

As at March 31, 2008, options to acquire 1,950,000 common shares (December 31, 2007 - 1,950,000) of the Company were outstanding.

*Warrants*

As at March 31, 2008, there were 4,438,869 (December 31, 2007 - 4,438,869) warrants outstanding with a weighted average exercise price of \$0.46 (December 31, 2007 - \$0.46).

**7. Mineral Properties and Deferred Exploration Expenditures**

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**Kaibab Project:**

On July 1, 2006, the Company's wholly owned subsidiary entered into a joint venture agreement with DIR Exploration, Inc. ("DIR"), pursuant to which DIR granted to the Company the right to earn a 50% interest in the Kaibab Joint Venture by incurring USD\$2M over 3 years on lode mining claims located in Arizona, USA, prospective for uranium breccia pipe exploration. Thereafter, the Company may elect to increase its interest to 90% by agreeing to carry DIR's pro-rata (10%) exploration costs to commercial production. During the first quarter ended March 31 2008, the Company incurred \$2,614 in respect of Claim Maintenance fees and \$142,964 in deferred exploration expenditures.

**Notes to Interim Consolidated Financial Statements**

*March 31, 2008 (Unaudited)*

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**CMB Project:**

On April 17, 2007, the Company's wholly owned subsidiary entered into an option agreement pursuant to which it may earn a 100% interest in 1,712 grass roots mineral claims situated in Newfoundland and Labrador (the "CMB Project") by issuing 1,250,000 common shares (650,000 on signing and the balance on or before July 23, 2008). Effective April 27, 2008 the Company's subsidiary terminated its option in respect of the CMB Project. On April 8, 2008 the Nunatsviavut Government imposed a three year moratorium on uranium mining within Labrador Inuit Lands and accordingly, management elected not to maintain the CMB claims in good standing, to terminate its future obligations, and to write off the amount capitalized.

**Basket Lake Project:**

On November 14, 2007, the Company acquired a 100% interest in the Basket Lake (uranium) Project in northwestern Ontario, subject to a 2 1/2% yellowcake returns royalty. The Company paid reimbursement of staking costs of \$125,000 and issued 400,000 common shares. On November 27, 2008 the balance of the purchase price is due, being \$75,000 in cash and the issuance of an additional 200,000 common shares. Additionally, the Company paid a finders fee to a party at arms-length of the Company, of 60,000 common shares. There is a buy-back on 1% of the yellowcake royalty for \$1,000,000 at anytime. During the first quarter ended March 31, 2008, the Company incurred \$76,636 in deferred exploration expenditures.

## **8. Related Party Transactions**

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The Company has entered into agreements with private companies controlled by directors of the Company for management consulting services, geological consulting and for such other services required by the Company. There were no other direct transactions with related parties other than routine payments for management and exploration services and grants of options. Expenses incurred to related parties were concluded in the normal course of operations at the exchange amount accepted by the parties. During the first quarter ended March 31, 2008, the Company paid an aggregate \$38,262 to parties related to the Company, pursuant to which \$31,500 was incurred as management fees and \$6,762 as geological services and paid to a company owned (in part) by an officer of the Company.

## **9. Commitment**

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Exploration funds consist of cash which must be allocated pursuant to flow-through share financing agreement for exploration expenditures. As at March 31, 2008, flow-through funds totaling \$890,359 were held by the Company, and must be incurred on or before December 31, 2008.