

TAKARA RESOURCES INC.

Management's Discussion and Analysis

Three and Six Months Ended June 30, 2009

Dated: August 28, 2009

Introduction

The following is management's discussion and analysis of the financial condition and results of operations of Takara Resources Inc. (the "Company" or "Takara") for the three and six months ended June 30, 2009 and the comparable period ended June 30, 2008. This discussion and analysis should be read in conjunction with the unaudited consolidated financial statements and notes for the three and six months ended June 30, 2009 and the audited consolidated financial statements for the fiscal year ended December 31, 2008 and the related notes thereto (the "Financial Statements"). Additional information related to the Company can be found on SEDAR at www.sedar.com.

Nature of Operations

The Company was a capital pool company prior to the closing of its qualifying transaction on September 24, 2007, when it acquired all of the issued and outstanding securities of Takara Resources (B.C.) Inc. (formerly named Takara Resources Inc. and 0754545 B.C. Ltd.), a private company carrying on business as a mineral exploration company. Accordingly, the interim consolidated financial statements for the second quarter ended June 30, 2009 includes activities of the Company and of Takara Resources (B.C.) Inc.

Since the closing of its qualifying transaction, the Company has continued business as a mineral exploration company, exploring for: (i) uranium in the Arizona Strip situated in the northwestern portion of Arizona (uranium breccia pipes) and in northwestern Ontario (the Basket Lake project); (ii) for gold in the Abitibi Greenstone Belt, Quebec, and in the interior British Columbia (epithermal gold); and (iii) the Company has recently acquired mineral exploration licenses in Manitoba prospective for nickel exploration (the "Miskamowin Project"). In addition to the foregoing, the Company made progress into the acquisition of mineral rights prospective for coal exploration in South Africa, however, it has put these efforts on hold pending an improvement in the capital markets.

During the six months ended June 30, 2009, the Company: (i) acquired three additional exploration licences on the Miskamowin Nickel project in Manitoba; and (ii) entered into a strategic alliance with Garson Gold Corp. (as described further in this MD&A).

During the six months ended June 30, 2009 the Company suspended its exploration programs given the market conditions, and focussed more on preserving its assets and seeking transactions in furtherance of building longer term value.

On June 29, 2009 the Company announced that it has entered into an agreement in respect of a proposed arms-length merger with St. Eugene Mining Corporation. The proposed business combination provides an augmented team and the new branding necessary to move from exploration to potential cash flow positive gold producer at minimal cost.

Results of Operations

For the six months ended June 30, 2009, Takara reported a net loss of \$368,099 compared to \$380,367 for the six months ended June 30, 2008. The difference is primarily attributed to a gain on the sale of mineral properties relating to the transaction with Garson Gold Corp.

For the three months ended June 30, 2009, Takara reported a net loss of \$214,784, compared to \$153,315 for the three months ended March 31, 2009.

Revenues

The Company had no cash income. Takara is in the exploration stage and has no revenue from mining operations.

Non-Exploration Expenditures

For the three months ended June 30	% of total			
	2009	2009	2008	% change
Professional and legal fees	37,439	28.40%	36,377	2.92%
Travel	4,217	3.20%	6,969	-39.49%
General and administrative	43,335	32.88%	18,549	133.62%
Stock based compensation	2,135	1.62%	99,613	-97.86%
Promotion and advertising	2,116	1.61%	41,279	-94.87%
Rent	6,404	4.86%	5,320	20.38%
Management fees	35,000	26.55%	39,000	-10.26%
Business development	0	0.00%	5,000	-100.00%
Amortization	1,164	0.88%	335	247.46%
	131,810	100.00%	252,442	-47.79%

For the six months ended June 30	% of total			
	2009	2009	2008	% change
Professional and legal fees	65,257	22.89%	43,877	48.73%
Travel	10,449	3.66%	31,666	-67.00%
General and administrative	83,609	29.32%	46,571	79.53%
Stock based compensation	5,942	2.08%	106,790	-94.44%
Promotion and advertising	8,787	3.08%	66,438	-86.77%
Rent	12,808	4.49%	8,470	51.22%
Management fees	96,000	33.67%	70,500	36.17%
Business development	0	0.00%	5,000	-100.00%
Amortization	2,273	0.80%	1,314	72.98%
	285,125	100.00%	380,626	-25.09%

The Operating expenses for the six months ended June 30, 2009 totaled \$285,125, and totaled \$380,626 for the comparable six month period ended June 30, 2008. The Company's operations as at June 30, 2009 were significantly reduced compared to the activity a year earlier, which included exploration activity on the Company's Basket Lake uranium project in northwestern Ontario and the uranium breccia pipe Kaibab Joint Venture in Arizona.

The Operating expenses for the three months ended June 30, 2009 (\$131,810) was slightly lower than the Operating expenses for the three months ended March 31, 2009 (\$153,315). Expenses pertained to activities related to the Garson Gold transaction (see Exploration Activities and Expenditures) and to the St. Eugene transaction – as well as completing the audit during the second quarter ended June 30, 2009.

Professional fees of \$65,257 for the six months ended June 30, 2009 were higher than the same period in the prior year (\$43,877), given that the cost of the audit was more costly in 2009, and given that the Company completed 2 mineral transactions during this period in 2009 (Miskamowin and Garson Gold).

Travel expenses decreased from \$31,666 as at the end of the second quarter in 2008 to \$10,449 as at June 30, 2009. Travel costs were associated with attending mining conferences and sourcing opportunities for coal projects in South Africa during the first and second quarters ended June 30, 2008, and for the same period in 2009, travel costs were primarily domestic, and related to the closing of the Garson Gold transaction.

General and administrative fees consist of office supplies, insurance, filing fees, transfer agent fees, computer expense accounting services and a fee for the cancellation of investor presentations in Europe. This expense was higher during the six month period ended June 30, 2009 (\$83,609) compared to the same six month period ended June 30, 2008 (\$46,571) because primarily because the Company paid taxes (\$29,976) on flow-through dollars and extra expenses were incurred as a result of the cancelled meetings in Europe and additional accounting and business development services provided by a director.

Stock based compensation does not affect the cash resources of the Company. The timing of this expense is subject to the date of issue and vesting terms of the options.

Promotion and advertising of \$8,787 (\$6,671 as at March 31, 2009) was significantly lower than Promotion and advertising expenses incurred during the same period ended June 20, 2008 (\$66,438). The Company significantly reduced its business development activities during 2009 given the condition of the global markets.

Management fees of \$96,000 (2008 - \$70,500) consist of \$21,000 charged by the CEO for management fees and \$40,000 to the new president (now former – see Garson Gold transaction) for management fees. The increase in management fees is due to separating the CEO and President roles, for the purposes of augmenting business development opportunities.

Exploration Activities and Expenditures

As at June 30, 2009, the Company had capitalized a total of \$666,609 on its mineral properties. The challenges of raising exploration funds for the Company's early-stage projects - as a result of the global market crisis during 2008 and into 2009 as well as the lobbying efforts in Arizona - impaired the value of the Company's assets, given the limited funds in the treasury, abated prices of uranium and nickel, and limited opportunity to raise new funding to meet obligations of maintaining projects in good standing.

Accordingly, during the first and second quarters of 2009, the Company continued to reduce its operational costs, given the market downturn and difficulty to raise additional funds.

Activity During the Six Months ended June 30, 2009

Additional Mineral Exploration Licences for Miskamowin Project: In February 2009 the Company made application to the Manitoba mines office to acquire three additional Mineral Exploration Licenses in respect of the Miskamowin Project. The licenses were granted to the Company in March 2009.

The Garson Gold Transaction: On March 12, 2009, the Company entered into an agreement with Garson Gold Corp. in respect of a series of business transactions, including the formation of joint advisory committees, common executive teams, and the acquisition by Garson of Takara's interests in the B.C. Epithermal Gold Projects, and in the Luciana Gold Prospect in the Abibiti, QC. The transaction was subject to approval by the TSX Venture Exchange, which was received by both Garson Gold and Takara on April 27, 2009. The agreement provided that upon receipt of approval by the TSX Venture Exchange, Garson shall issue to Takara ten million (10,000,000) common shares of Garson, Takara shall issue to Garson 3,000,000 Common Shares, and joint advisory committees shall be formed having a focus on business development and project generation conducive to each company.

The Company issued the 3,000,000 common shares to Garson on April 27, 2009 and is currently in the process of administering all other matters in completion of the transactions approved and contemplated therein.

Garson Gold holds a 100% interest in The New Britannia Mine (NBM) Project in Snow Lake Manitoba and the Copper Prince and the McMillan Gold Mine properties located in Ontario. Garson Gold's flagship project is the NBM, which covers approximately 4,840 hectares and hosts the historic New Britannia Gold Mine which operated from 1949 to 1958 and again from 1995 to 2004 and produced approximately 1.43 million ounces of gold. The resource estimate at the NBM property, audited by Micon International Ltd. in accordance with CIM classifications pursuant to National Instrument 43-101, is available for viewing on SEDAR (www.sedar.com) and www.garsongold.ca. Infrastructure at the New Britannia Gold Mine includes a fully-permitted 2,150 tonne per day modern mill and tailings facility, and associated plant, and equipment.

It is Takara's intention to re-distribute the Garson Shares to Takara shareholders shortly following the receipt of approval by its fiscal advisors. In the event that Garson Gold holds a meeting of shareholders prior to the time that the Garson Shares are re-distributed to Takara shareholders, Takara shall vote the Garson Shares in a manner supportive of and consistent with the voting preferences of Garson management.

The management of Takara and of Garson Gold shall jointly appoint an Advisory Committee focused on the re-activation of Garson's New Britannia Mine and a Business Development Committee focused designed to identify new project opportunities conducive to each company's core business.

In connection with the transaction with Garson, the President of Takara, Julie Lassonde, resigned as President of Takara and assumed the role of President of Garson. Ms. Lassonde remains a board member and Executive Vice President of Takara.

Active Mineral Projects. The Company's active mineral properties are listed below. The following discussion includes a summary of exploration activities during the six months ended June 30, 2009 and an update to disclosure in documentation filed with regulatory authorities and available for viewing under the Company's profile on SEDAR. Please refer to our most recent annual MD&A for the year ended December 31, 2008 for additional information on our mineral properties.

Capitalized expenditures for the six months ended June 30, 2009:

	Kaibab Project	Luciana Gold Prospect	BC Epithermal Gold Project	Miskamowin Nickel Project	Total
Opening balance	500,000	90,000	390,000	116,349	1,096,349
Mineral exploration License	0	0	0	26,133	26,133
Acquisition costs (share issue)	0	0	0	7,500	7,500
Managing Geologist	0	0	1,800	5,000	6,800
Drilling	0	3,014	0	0	3,014
Field Supplies	0	182	0	0	182
Camp Maintenance	152	0	0	0	152
Field Office	1,534	12	0	0	1,546
Survey	4,265	0	0	0	4,265
Sample	0	4,523	0	0	4,523
Geologist	1,508	1,813	0	0	3,321
Field Operator	144	933	0	0	1,077
Field Auto	0	0	0	0	0
Filing and administrative	0	0	0	0	0
Other	2,660	957	-260	1,364	4,721
Sale of mineral properties	0	-101,434	-391,540	0	-492,974
Balance at June 30, 2009	510,263	0	0	156,346	666,609

Kaibab Joint Venture –Uranium Breccia Pipes, Arizona, USA

Takara's wholly owned subsidiary, Takara Resources (BC) Inc., has the right to earn an initial 50% interest in all breccia pipe prospects held by the Kaibab Joint Venture, by incurring \$2,000,000 in exploration expenditures and issuing 200,000 common shares (issued in 2007) to the Optionors (DIR Exploration, Inc.) on or before August 31, 2009. Upon vesting of its 50% ownership interest in the Kaibab Joint Venture, Takara may elect, at its sole discretion, to increase its interest to 90% by agreeing to carry DIR's pro rata exploration and development costs in the joint venture to commercial production.

The Phase II exploration program for the Kaibab Joint Venture, budgeted at approximately \$700,000, was designed to refine up to 30 geological targets for further testing in subsequent rotary downhole hammer and spot coring campaigns. The ongoing Phase II program includes surface geochemical and geophysical surveys (EM, CSAMT, and possible seismic), archaeological surveys, data analysis and modelling, and operations permitting (including environmental assessment report), all of which was anticipated to be followed by drill site preparation, drilling, and reclamation work on selected targets. However, progress began to slow during the last nine months of 2008, and by 2009 activity had virtually ceased altogether, given the local action taken by the Arizona Coconino County Board of Supervisors (see below) and the abatement of the market conditions.

In December, 2007, the operator of the Kaibab Joint Venture submitted to the Tucson Ranger District, Kaibab National Forest, a Drilling Plan of Operation. A permit in this regard has not yet been obtained. Since early February, 2008, when the Arizona Coconino County Board of Supervisors unanimously passed a resolution opposing uranium mining in the vicinity of the Grand Canyon and its watersheds, various parties have become aggressively supportive of that initiative, lobbying to implement a change in the legislation that would have the effect of disallowing mining permits for uranium extraction in several parts of the Grand Canyon region.

These matters have been assessed on an ongoing basis by management of the Company, however, on July 21, 2009, a large area on the Arizona Strip and all of the Kaibab National Forest was segregated from mineral entry for two years pending completion of certain studies to determine whether the area should be withdrawn for 20 years. As a result, after careful consideration and investigation into mitigating opportunities, the Company took steps to terminate its participation in the Kaibab Joint Venture as at August 28, 2009.

Miskamowin Nickel Project, Manitoba

In 2008, the Company submitted applications for nine mineral exploration licences in Northern Manitoba (west of Thompson) prospective for Nickel. In the event that such applications were accepted by the Manitoba Minister of Mines and licences granted, the agreement with Dr. James Mungall (described below) would become effective. In December, 2008, and January, 2009, the mineral exploration licences were granted to Takara, and accordingly, the Agreement with Dr. Mungall took effect. The Company subsequently made application for an additional three mineral exploration licences during the first quarter ended March 31, 2009, all of which have been granted by the Manitoba Mines office. The Miskamowin project area covers approximately 269,111 hectares.

The Project area is located in an underexplored area known to host ultramafic rocks correlative with the Thompson Nickel Belt ("TNB"), and is prospective for the identification of new ultramafic magmatic sulphide Ni deposits, particularly with the use of modern geological and geophysical techniques.

Takara will automatically vest in a 100% interest the project by issuing to Dr. Mungall 250,000 common shares upon receipt of TSX approval (completed), an additional 250,000 common shares one year thereafter, and 250,000 common shares on the ensuing anniversary thereafter.

Thereafter, a discovery bonus shall be payable to Dr. Mungall as to: (i) 150,000 common shares and \$30,000 cash in the event that two (2) diamond drill holes located in the same claim block area each return not less than 1% Nickel over not less than 5 continuous metres; and (ii) in the event that a resource estimate compliant with

National Instrument 43-101 is completed on the project by an independent Qualified Person evidencing not less than 1,000,000 tonnes having an average grade of not less than 0.9% Nickel, Mungall shall be entitled to be issued a number of shares that results in Mungall holding an aggregate 1,000,000 common shares (issued as per the Agreement) at the time of completion of the resource estimate hereinbefore described.

On April 27, 2009 Takara received TSX approval for the transaction and issued to Dr. Mungall 250,000 common shares of Takara. The Company plans to conduct an airborne survey in 2009-2010, provided that financing plans and consultations with Nelson House and other stakeholders are completed.

The permit areas are located in the vicinity of Nelson House, Manitoba and are located close to small settlements with some infrastructure. Highway access is possible to some of the licenced areas, and a combination of foot, water, and aircraft access will be possible for all licence areas.

The Company plans to conduct an airborne survey prior to the end of 2009, provided that consultations with Nelson House and other stakeholders are completed.

Basket Lake Uranium Project– Northwestern Ontario

Takara purchased a 100% in the Basket Lake project, by paying: (i) reimbursement of staking costs of \$125,000; (ii) \$75,000 in cash on first anniversary of the purchase agreement (remains unpaid as at the date hereof); and (iii) the issuance of 600,000 common shares, 400,000 of which were issued in December, 2007, and 300,000 on December 31, 2008 (100,000 additional shares were issued in consideration for a delay in paying the second cash tranche). Takara paid a finders fee to a party at arms-length of the Company, of 60,000 common shares, and it has reserved, in favour of the vendors, a yellowcake returns royalty equal to 2 ½ % on all final uranium contained in the uranium concentrate produced from ores derived from the property, subject to a buy back of 1% of the royalty for \$1,000,000 at any time.

The Basket Lake project is prospective for uranium mineralization, and is located approximately 60 kilometres southeast of Dryden, Ontario. The Basket Lake project was acquired based on a distinct airborne radiometric anomaly that is coincident with a strong, multi-point lake sediment geochemical uranium anomaly defined by a cluster of anomalous values focussed on the claim area. No previous exploration work is known to have been conducted on the Basket Lake property, and much of the area has been recently logged providing new bedrock exposures and excellent access.

In 2008 Takara completed a 3,000 line kilometre, high-resolution aeromagnetic and radiometric geophysical and Assessment work was filed only on only the areas flown, thereby reducing the project size accordingly. Data from the survey will assist in redefining targeting for future field programs (of ground prospecting, mapping and sampling), however no programs are planned for 2009 without a funding partner.

Takara's capitalized costs on the Basket Lake project is \$nil, given that the \$527,172 investment was written off as at the Company's fiscal year ended December 31, 2008.

Potash project – Alberta

On March 18, 2009 the Company relinquished all rights in an Alberta potash property that was optioned from Grizzly Diamonds Ltd. The carrying amount of the property of \$68,646 (most of which was associated with signing fees) was written off as at December 31, 2008.

Coal Prospects – South Africa

During the first quarter ended March 31, 2009, the Company did not post any further environmental bonds in respect of its prospective coal applications submitted during 2008, as it was unable to meet the continuous financial stability test, given the market downturn in 2008.

As at the Company's fiscal year ended December 31, 2008 the Company had halted all progress in respect of its evaluation of coal prospects in South Africa, and accordingly, it wrote off the entire investment (\$95,751).

Notwithstanding this, the Company maintains a comprehensive database of coal data for potential future consideration – enabling it to be in a position to step back into similar coal opportunities, should market conditions improve. As at the second quarter ended June 30, 2009, no expenses were incurred in this regard.

Baie Verte Project – Uranium in Newfoundland and Labrador

During the first quarter ended March 31, 2009, the Company relinquished all rights in the Baie Verte Project (373 mineral claims prospective for uranium, located in the Noble Pond region of Baie Verte, Newfoundland and Labrador). A total of \$37,383 was written off as at December 31, 2008.

British Columbia Propertunities - Epithermal Gold and Lead-Zinc-Silver Sedimentary projects

The BC Project is comprised of various properties in central interior British Columbia that are prospective for epithermal-style gold and silver mineralization (Big Bar and Baez), and for sedimentary exhalative (“SEDEX”) Pb-Zn-Ag type deposits along the southernmost extension of the Selwyn Basin (Ospika Project), all of which were acquired predominantly on the basis of anomalous Cu and Au stream sediment geochemistry with potential for porphyry-style mineralization (in addition to epithermal-style precious metal mineralization).

On August 19, 2008, the Company signed an option agreement to acquire a 100% mineral interest in the Big Bar, Baez, Ospika projects and five additional prospective geochemical target properties located in the Central Interior of British Columbia. The Properties have potential to host either epithermal gold-silver mineralization and/or sedimentary exhalative Pb-Ag-Zn mineralization.

Takara agreed to option these projects in consideration for: (i) payment of \$15,000 and issuance of 250,000 shares upon signing; (ii) work commitments totalling \$250,000, \$325,000, \$400,000 and \$525,000 by the first, second, third and fourth anniversaries, respectively; (iii) payment of \$25,000, \$30,000 and \$40,000 by the first, second and third anniversaries respectively; and, (iv) issuance of 300,000, 300,000 and 350,000 shares by the first, second and third anniversaries respectively. The vendor will retain a 2% Net Smelter Royalty on each of the properties, with the first 1% purchasable for \$1 million and the final 1% on a right of first refusal.

In 2008 Takara completed a program of initial prospecting, mapping and sampling, and completed airborne and ground geophysical surveys.

As at December 31, 2008, a total of \$554,429 had been invested in the B.C. Projects. In March, 2009, the Company vended, among other things, its interest in the BC Projects to Garson Gold Corp. Garson Gold has agreed to assume all of Takara’s rights and obligations in respect of the BC Projects (see “Garson Gold Transaction”). The value of the B.C. Projects was written down by \$164,429 (carrying a net value of \$390,000 as at December 31, 2008), based on adjustments for the shares that Takara issued to Garson Gold (3,000,000) in respect of the overall transaction.

Luciana Gold Prospect, Abitibi, QC

On December 5, 2008 the Company signed an option agreement with Golden Valley Mines Ltd. (“Golden Valley”), pursuant to which Golden Valley granted the Company the option to earn up to a 60% interest in the “Luciana Prospect”, a permitted drill-ready mineral property prospective for gold that straddles the “*Cameron Shear Zone*” near Lebel-sur-Quévillon, QC.

In 2008, the Company completed a first phase drilling program, which consisted of five (5) drill-holes totaling 477 metres. Core logging and sampling were also completed, and by March, 2009, the Company vended the project to Garson Gold Corp. as part of a larger business development transaction. See Garson Gold Transaction for further details.

In order to earn a 51% interest in the Luciana Prospect, Takara had to issue to Golden Valley 250,000 common shares (completed) and shall have conducted a drilling program during the month of December, 2008 in the minimum amount of \$85,000 (completed). Additionally, it must incur an aggregate \$500,000 in exploration expenditures on or before December 31, 2011 (as to \$115,000 prior to December 31, 2009, \$175,000 prior to

December 31, 2010 and \$210,000 prior to December 31, 2011).

Thereafter, Takara may elect to increase this interest to 60% by incurring an additional \$1,000,000 in exploration expenditures prior to June 30, 2013 and by issuing Golden Valley an additional 250,000 common shares. In the event that the Property evidences gold or base metals mineralization meeting a minimum threshold of 300,000 ounces gold equivalent or 1,000,000 pounds copper equivalent, Takara shall issue to Golden Valley an additional 200,000 common shares.

The transaction completed between Garson Gold and Takara was approved by the TSX Venture Exchange on April 27, 2009, and accordingly, Garson Gold will assume all of Takara's rights and obligations in respect of the Luciana Prospect.

During the fiscal year ended December 31, 2008 the Company incurred \$123,711 in deferred exploration expenditures, however this amount was written down to \$90,000 based on adjustments for the shares issued by Takara (3,000,000) to Garson Gold in the overall transaction. An additional \$11,434 was incurred in exploration expenditures on the Luciana Prospect prior to closing the Garson transaction.

Financial Condition

Liquidity and Capital Resources

Working capital as at June 30, 2009 totaled \$475,864 compared to \$307,518 as at December 31, 2008. The increase is due to the transaction with Garson Gold Corp.

As an exploration Stage Company, with limited revenue stream, the Company budgets exploration and administrative expenses, and closely monitors its burn rate, investments and cash position.

Although the Company has sufficient cash resources to meet its current obligations, the Company is not anticipating an ongoing profit from operations and will therefore rely on its ability to raise obtain equity financing to fund future exploration programs. The timing and ability to do so will depend on the liquidity of the financial markets as well as the acceptance of investors to finance resource based junior companies.

Summary of Quarterly Results

	QTR 2 2009	QTR 1 2009	QTR 4 2008	QTR 3 2008	QTR 2 2008	QTR 1 2008	QTR 4 2007
Other Income	0	0	26,209	19	259	0	2,885
Net Loss	-214,784	-153,315	-1,665,282	-126,895	-252,183	-128,124	-1,246,799
Basic and diluted loss per share	-0.006	-0.005	-0.050	-0.004	-0.008	-0.004	-0.008

The Company's level of activity and expenditures during a specific quarter are influenced by the availability of working capital, the availability of additional external financing, the time required to gather, analyze and report on geological data related to mineral properties, the results of the Company's prior exploration activities on its properties and the amount of expenditure required to advance its projects.

Capital Stock Information

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value, issuable in one or more series with

restrictions as determined by the Board of Directors. The holders of the common shares of the Company shall be entitled to vote at all shareholder meetings and to receive such dividend as the Board of Directors of the Company in their discretion shall declare.

Issued and Outstanding

The following details the issued and outstanding securities of the Company as at August 28, 2009:

Common shares: 34,433,030

Incentive Stock Options:

Expiring Date	Outstanding	Exercisable	Exercise Price
November 7, 2009	200,000	200,000	0.35
June 25, 2010	50,000	50,000	0.15
September 24, 2012	1,315,000	1,315,000	0.35
May 6, 2013	50,000	50,000	0.10
May 6, 2013	300,000	100,000	0.15
June 25, 2013	650,000	650,000	0.15
Total:	<u>2,565,000</u>	<u>2,365,000</u>	

Warrants: All warrants have expired.

Contractual Obligations

Cash Payments due by Period

Obligation	Total	1 year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years
Basket Lake project	\$75,000 ⁽¹⁾	\$75,000	-	-	-	-
Kaibab Joint Venture	\$80,000 ⁽²⁾	\$80,000	-	-	-	-
Office Lease	\$58,782	24,949	25,313	8,519	-	-

Notes:

- (1) The Company's final cash payment (due November, 2008) of \$75,000 remains unpaid.
- (2) As at June 30, 2009, the Company had an obligation to pay the claim renewal fees on August 31, 2009 in respect of the Kaibab Joint Venture, estimated to be up to \$80,000. Subsequent to June 30, 2009, the Company took steps to terminate its interest in the Kaibab Joint Venture due to exploration restrictions imposed by legislation on July 21, 2009.

Transactions with Related Parties

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the non-related parties. The related party transactions concluded during the period with directors and companies controlled by them are set out on the balance sheet and the statement of loss and comprehensive loss and deficit and are as follows:

- a) \$42,000 in management fees was charged by a company controlled by a director and officer of the Company.
- b) \$40,000 in management fees was charged by a company controlled by a director and a former president of the Company. Of this amount, \$31,000 is included in Amounts Payable to Related Parties.
- c) \$14,000 in management fees was charged by a director of the Company and is included in amounts payable to related parties.

- d) \$53,584 is due to a company controlled by a director and officer of the Company (unpaid management fees and expenses paid by CapEx on behalf of the Company). This amount is included in Amounts Payable to Related Parties on the Balance Sheet.
- e) \$7,984 is due to a director and officer of the Company (for expenses paid on behalf of the Company). This amount is included in Amounts Payable to Related Parties on the Balance Sheet.
- f) \$23,000 (aggregate) was charged by two directors for services and is included in Amounts Payable to Related Parties.
- g) Debt Settlements: The Company agreed to settle \$54,000 in Amounts Payable to Related Parties by issuing 1,080,000 common shares of the Company at \$0.05 per share (subject to TSX approval) for unpaid consulting fees, unpaid management fees, and expenses paid on behalf of the Company by Related Parties.

Outlook

Takara's exploration activities have been described in the Exploration Activities and Expenditures section of this document. Given the Company's limited cash assets and the current state of the markets, the Company has begun to downsize, and to focus only on limited prospects believed to generate the best value. With the transaction with Garson Gold having been approved, the Company is now in a better position to continue with evaluating various corporate opportunities and transactions, in an effort to adapt favorably with the changing market conditions and commodity prices.

The capital markets for exploration companies have shown great volatility over the past several months, reflecting the "sub-prime" or credit crisis in the United States and its broadening influence on public capital markets and a generally negative sentiment in investor valuations. Weakening of commodity prices has similarly added to the general market malaise. The public stock markets are expected to remain volatile, and the Company is not insulated from the risk of not being able to fund its own exploration projects or cover its general and administrative expenses. As a consequence, the Company has downsized, in terms of projects and personnel, and will focus on a limited number of activities in order to take advantage of transactions having a positive impact on the Company's survival.

Risks and Uncertainties

The exploration and development of mineral deposits involves significant risks over an extended period of time which even a combination of careful evaluation, experience, and knowledge may not be able to mitigate. Few properties which are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be primarily related to its ability to finance its working capital and its operations, and will be in part related to the cost and success of its exploration programs. Additionally, there are a number of factors out of the Company's control, such as the availability of skilled personnel, qualified vendors, construction and production targets, timetables, anticipated timing of grant of permits and governmental incentives, favourable commodities markets, contractual commitments, litigation matters, the inability to mitigate financial and operational risks, inability to have access to the capital markets, and the availability of critical equipment.

Substantial expenditures are required to establish reserves through drilling, to determine the technical and economic feasibility of mining and extracting them, and, if warranted, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a mineralized deposit, it is impossible to ensure that the current mineral properties in which the Company has an interest will result in profitable mining operations. Furthermore, there can be no assurance that the Company's estimates of future exploration expenditures will prove accurate, and actual expenditures may be significantly higher than currently anticipated. Determining if a deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, costs and efficiency of the recovery methods that can be employed, proximity to infrastructure, land use, and environmental protection. The effect of these factors cannot be accurately predicted, however, the combination of these factors may result in the Company not receiving an adequate return on its invested capital, if any.

The exploration and development of mineral projects always involves significant risks over an extended period of time, even where a combination of careful evaluation, experience and knowledge are evident, there is no assurance that an exploration project can be profitable or successful. The long-term viability of the Company's

operations will be in part correlated to the cost and success of its exploration programs, which may be affected by a number of factors out of the Company's control, such as commodity prices, the availability of skilled personnel, qualified vendors, and critical equipment.

Substantial expenditures are required to establish reserves through drilling, to determine the technical and economic feasibility of mining and extracting them, and, if warranted, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, it is impossible to ensure that the current or proposed exploration programs on properties in which the Company has an interest will result on profitable mining operations.

There has been no significant change to the Company's risk factors from those described in the MD&A for the year ended December 31, 2008.

Critical Accounting Policies and Estimates

In preparing the Financial Statements, management has to make estimates and assumptions that affect the amounts reported in the Financial Statements and the accompanying notes. Based on historical experience, current conditions, expert advice and application of accounting policies, management makes assumptions that are believed to be adequate and reasonable under the circumstances. The Company's accounting policies are described in note 2 to the Audited Annual Financial Statements.

Internal Controls Over Financial Reporting

The Chief Executive Officer, the Chief Financial Officer, and the Chairman of the Board of Directors of the Company are responsible for establishing and maintaining controls and procedures regarding the communication of information about the Company, as well as internal controls over its financial reporting. The Chairman of the Board of Directors and the Chief Financial Officer have conducted an evaluation of the controls and procedures regarding communication of information and have concluded these controls and procedures were effective for the year ended December 31, 2008. In December 2008, the Chief Executive Officer assumed the role of Chief Financial Officer upon the resignation of the interim Chief Financial Officer – and it is anticipated that the Chief Executive Officer will retain the dual roles on an interim basis until market conditions improve, financial stability can be achieved, either by way of improved market conditions or by completing a transaction favourable to the survival of the Company, and additional executives can be identified by the Board. Accordingly, since December 2008, the Chief Executive Officer, the Chief Financial Officer, together with the Chairman of the Board of Directors are responsible for designing internal controls over financial reporting or for causing it to be designed under their supervision. During the second quarter ended June 30, 2009, all existing systems have been documented and inadequacies have been corrected, as necessary. The Chief Executive Officer and the Chief Financial Officer, together with the Chairman of the Board, have evaluated whether there were changes to internal control over financial reporting during the fiscal year ended December 31, 2008, and thereafter during the six month period ended June 30, 2009, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. No such changes were identified through their evaluation.

Recent Accounting Pronouncements Not Yet Adopted

The CICA published exposure drafts entitled "Adopting IFRSs in Canada" in April 2008 and March 2009. The exposure drafts propose to incorporate IFRS into the CICA Handbook effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. At this date, publicly accountable enterprises will be required to prepare financial statements in accordance with IFRS. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. The Company is reviewing the impact of IFRS on its financial statements and has begun developing the key elements and timing of an implementation plan. The financial reporting impact of the transition to IFRS cannot be reasonably determined at this time.

Forward Looking Statement

"All statements other than those of a historical nature are 'forward-looking statements' that may involve a number of unknown risks, uncertainties and other factors. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements."

This document contains forward-looking information that is based on expectations, assumptions and estimates as of the date of this document. The Company's forward-looking information is information that is subject to known and unknown risks and other factors that may cause future actions, conditions or events to differ materially from the anticipated actions, conditions or events expressed or implied by such forward looking information. Forward-looking information is information that does not relate strictly to historical or current facts, and can be identified by the use of the future tense or other forward-looking words such as "believe", "expect", "anticipate", "intend", "plan", "estimate", "should", "may", "could", "would", "target", "objective", "projection", "forecast", "continue", "strategy", or the negative of those terms or other variations of them or comparable terminology.

In formulating the forward-looking information above, the Company has made assumptions regarding general financial market conditions and the availability of financing.

While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company does not have an intention to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents management's views as of the date of this document and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. The Company has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. See also "Risks and Uncertainties".

Additional Information

Additional information about Takara Resources Inc., including the annual information form, may be obtained from the Company's website at www.takararesources.com or on SEDAR at www.sedar.com.