

## VENA RESOURCES INC.

### Management's Discussion and Analysis of Financial Condition and Results of Operation

For the period ended December 31, 2007

Management's discussion and analysis (MD&A) is current to February 13, 2007 and is management's assessment of the operations and the financial results together with future prospects of Vena Resources Inc. ("Vena" or the "Company"). The following MD&A should be read in conjunction with the September 30, 2007 and 2006 Audited Consolidated Financial Statements and related Notes to the Audited Consolidated Financial Statements. These consolidated financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles. All figures are in Canadian dollars unless stated otherwise. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Vena's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward looking statements. *The Company has adopted National Instrument/ 51-102F1 as the guideline in presenting the MD&A.* Additional information relevant to Vena's activities, including Vena's Press Releases can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Forward-Looking Statements

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the oil and gas industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of Vena to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Vena to fund the capital and operating expenses necessary to achieve the business objectives of Vena, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by Vena. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of Vena should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

## Overall Performance

The principal business reason for the creation of Vena was to acquire and explore mineral properties in Peru. Vena is currently focused on exploring and developing its Peruvian Azulcocha, Aurora, Pucara and Uranium properties.

Other properties of Vena are the Granja Nueva property, the Inca Gold projects. The Azulcocha property is currently being drilled and the Las Princesas property is encircled by Barrick Gold and PanAmerican Silver claims and is immediately adjacent to Barrick Gold's Alto Chicama property. Vena has completed a pre-feasibility study of the Azulcocha tailings property and has hired MineFill Services Inc. to complete a scoping study completed in March 2007. An updated NI 43-101 report including underground mine resources should be completed in 2008 as well.

Vena is structured into four strategic business units:

- The Uranium Division controls 47,500 hectares of Uranium prospects for the exploration and confirmation of all 78 targets found by Peruvian Institute of Nuclear Energy (IPEN) during three decades of exploration throughout Peru. Four field confirmation campaigns in 2005 confirmed the findings of 20 years of exploration performed by IPEN. Vena is now drilling the Macusani area and expects to deliver drill results bi-monthly throughout 2008. As of September these assets are held through a 98% owned subsidiary – Minergia S.A.C. CAMECO Corp. has recently agreed to make a strategic investment in Minergia S.A.C for up to \$10 million over the next four years to earn 50% of the shares of Minergia. CAMECO has the option to earn 60% of Minergia when a feasibility report is completed and to earn 70% when mine development commences. As of September 30, 2007, Cameco owns 2% of Minergia. Minergia's 2008 budget has been increased by 50% to more aggressively advance the drill programs in all three regions of Puno, Peru.
- The Precious Metals Division completed a review of several Inca Gold properties with Masma justifying additional investments in 2008. It also controls the strategically located "Las Princesas" gold property that is completely encircled by Barrick Gold and Pan American Silver claims and is immediately adjacent to the recently opened Alto Chicama mine owned by Barrick Gold. The Company intends to write off Huachon and Tantar properties during the second quarter of fiscal 2008.
- The Base Metals Division is responsible for developing all copper/moly deposits including the recently acquired Aurora project - a large copper-molybdenum deposit that went through a 2,000 meter phase I drilling campaign in 2005. Vena first confirmed all historical drilling results and completed the first drilling campaign targeting the centre portion of the porphyry. Thus far, all 11 drill holes have delineated two areas of mineralization that are open along the strike. The Company has reported significant mineralization of Cu/Mo with an average grade higher than 0.6% Cu with significant Molybdenum credits. The company added the Pucara project to this division. Pucara was previously drilled by CVRD from Brazil and Vena is about to complete a 4,400 meter drill program leading to underground mine development in 2008. Most recently this division added the Granja Nueva project next to Rio Tinto's world class deposit of La Granja in northern Peru.
- The Mining Group responsible for the Azulcocha project, a historically high-grade zinc, manganese and gold mine, completed a NI43-101 compliant report for the tailings resource providing close to one million tons of economically recoverable Zn and Mn resources. The Company also received a letter of intent from a Swiss commodity trader to acquire all the Zn concentrate produced. The Company remains focused on expanding the economic life of this project, thus several actions are being undertaken to expand the resource of the underground mine. An exploration program was initiated with positive results along a high-grade zinc vein-like structure. Finally, a modeling program of the historical data has been initiated as well as the re-opening of the underground workings which facilitated an underground drilling campaign in 2006 which lead to a scoping study which was completed in March 2007. The Company also signed a joint venture agreement with Glencore of Switzerland to explore the western portion of the project leading to a feasibility study in 24 months. Vena plans to sell ore from the underground workings to Glencore throughout 2007 generating a revenue stream while milling facilities and permits are being processed. Azulcocha is its final and most critical stage of development – construction and environmental impact assessment permits. A 3 megawatt substation has been installed, an ISO certified lab is operational and a 1400 tpd mill has been purchased.

The company has been very aggressive in the development of its projects in the last 12 months:

- Reopened 5 underground levels in the Azulcocha mine – mineralized structure is wider than expected
- Completed +2,500 metres in underground workings to confirm the historical resource in Azulcocha
- Has purchased a flotation mill capable of processing up to 1,400 tons per day for Azulcocha
- Construction of mill should be completed 3 months after receiving construction and EIA permits

- Has implemented an on-site laboratory managed by SGS Labs (an ISO certified lab in Peru)
- Construction of a 3 mega watts electrical substation was completed as of the end of 2007 providing lower cost electricity to the mine development operations, the mill and for the camp, lab and entire infrastructure in Azulcocha
- Has grown work force in Peru from 20 to more than 300 people in the last 12 months
- Has recruited outstanding professionals to direct the company efforts in Peru
- Has hired Dr. James Stewart, PhD ex-Newmont Mining as QP and technical advisor to the CEO
- Has begun a large drill program in Uranium targets with CAMECO – budget has been increased by 50%
- Has completed 4400 meter drill program at Pucara
- Pucara may move to advanced exploration stage via underground workings, we'll begin 1,800 metres of underground workings by drifting along mineralized structures as of April-2008.
- The company is quickly learning a lot about Esquilache. 7 targets have been identified and we expect to be ready to drill late H1-08 – depending on permits. Pucara's cash flow will fund future exploration in Esquilache region.
- The company now has an established office in Juliaca with 40 people devoted to 7 projects in Puno

### **Critical Accounting Estimates**

Critical accounting estimates used in the preparation of the audited and consolidated financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred exploration costs.

These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

If the going concern assumption was not appropriate for the December 31, 2007 unaudited consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities and the reported loss.

### **Results of Operations**

#### **New Accounting Standards**

As disclosed in Note 3 to the Company's audited financial statements as at December 31, 2007, commencing October 1, 2006, the Company adopted new accounting standards issued by the Canadian Institute of Chartered Accountants relating to the accounting for and disclosure of financial instruments and comprehensive income.

Adoption of these standards did not require the Company to restate prior periods as these new standards have been adopted prospectively.

#### **Three Months Ended September 30, 2007**

Vena incurred a loss of \$916,471 or \$0.013 per share for the three month period ended December 31, 2007 compared to a loss of \$2,894,981 or \$0.056 per share for the three month period ended December 31, 2006. Vena had revenue of \$344,796 from its Azulcocha property for the three month period ended December 31, 2007 compared to \$97,424 in the same period of 2006.

During the three month period ended December 31, 2007 consulting expenses increased by \$323,271 to \$520,783 compared to \$197,512 in the same period in 2006. These changes are due to increased activity being undertaken as production and sales commenced. The majority of these fees were incurred in Peru.

During the three month period ended December 31, 2007, salaries and benefits expense was \$80,116 compared to \$271,605 in 2006. The decrease in salaries and benefits is attributable to the reclassification of expenses in the prior year.

The professional fees for the three month period ended December 31, 2007 were \$17,221 compared to \$14,981 in the same period in 2006.

During three month period ended December 31, 2007, travel expenses increased by \$20,318 to \$54,637 compared to \$34,319 in the same period in 2006. This level of activity is expected to increase as the Company continues to explore its properties which involve traveling to and throughout Peru and due to numerous shareholder meetings throughout Europe and North America.

During the three month period ended December 31, 2007 shareholder relations expense decreased by \$19,017 to \$104,952 compared to \$123,969 in the same period in 2006. The decrease is attributable to lower transactions in the quarter.

During the three month period ended December 31, 2007, office and general expenses increased by \$91,509 to \$139,766 compared to \$48,257 in the same period in 2006. This increase is due to higher volume of transactions in the period.

Stock based compensation for the three month period ended December 31, 2007 was \$378,000 compared to \$862,240 in the same period in 2006.

In the coming months, the Company should also:

- Complete the NI-43-101 study of the Azulcocha poly-metallic mine
- Drill identified regional targets, confirm historical resources and increase Azulcocha's tonnage underground
- Drill identified regional targets, confirm historical resources part of joint venture on the Azulcocha's West area
- Complete first phase drilling campaign in Cu/Au Pucara project
- Complete the scoping study of the Pucara poly-metallic project
- Complete first phase drilling campaign in the Macusani, Munani and Lagunillas regions with CAMECO
- Launch field exploration programs on the Granja Nueva property
- Launch field exploration programs on the Masma property

Vena will also continue to acquire and advance high quality projects throughout Peru to expand on its portfolio of projects that currently encompasses around 100,000 hectares.

It is anticipated that the Environmental Impact Assessment for the Azulcocha Property will be completed by April 1, 2008. This allows the construction permit to be granted for the concentrator. It is scheduled to come online at the mine site about mid-July. Until the new construction is fully completed, Vena does not expect revenue from the Azulcocha Property.

**The following is a brief description of each of Vena's properties:**

**Azulcocha Property**

The property is located in the country of Peru in the Department of Junin.

The property is approximately 260 kilometres east from the City of Lima on the two-lane Carretera Central highway. Approach to the property can be made to within 40 kilometres via an asphalt, all-weather highway. The final 40 kilometres is on a rough, single lane dirt road that is passable by 2 wheel drive vehicles.

The property comprises 5,036 hectares of mining concessions. The property is owned by Compania Azure del Peru S.A.C., a 100% Vena controlled entity in Peru. All registration fees for the concessions are current.

The property was obtained directly from the government with the exception of the San Luis Primero concession which was acquired from a third party. Under Peruvian law, the concessions acquired from the government remain in good standing as long as the annual registration payments (\$3.00 per hectare) are received by June of each year. One grace year is added in the event of a delinquent payment.

On December 20, 2004, Vena announced the positive and encouraging results of its geophysical study at the Azulcocha zinc/manganese project near Huancayo, Peru approximately 260 kilometres east from the City of Lima.

On April 20, 2005, Vena announced it has received positive metallurgical results on the re-treatment of its Azulcocha poly-metallic stockpile. The Company has also located and purchased the complete and original geology mine plan and exploration data for the original Minera Gran Bretana mine. This purchase will sharply focus and greatly reduce the planned exploration program costs to confirm the historically reported 3.3 million tons of

remaining ore (Munoz 1994). This historical value is not NI43-101 compliant and should not be considered a resource or reserve using accepted mining definitions.

Vena is also pressing ahead with an ambitious exploration program to identify additional drill targets. The recent acquisition of the original Minera Gran Bretana data will accelerate this process. In addition to aiding in the quantification of remaining mineral, this purchased data has identified other “inflection” targets which will be evaluated for drilling.

Vena completed this phase of work (pre-feasibility and 43-101 resource and reserve estimate of the tailings) in July 2005 and will immediately commence a feasibility study. The feasibility study will be largely an effort to confirm markets and pricing in order to make an appropriation decision. It is anticipated that no additional technical studies will be required to complete the feasibility study of the tailings structure.

In addition to assessing the potential of the current stockpile, further drilling is needed to confirm the reported presence of additional underground mineralization. As well, surface samples on a newly found vein structure have returned up to 27% zinc grades, thus meriting a comprehensive exploration program.

Finally, Vena staked an additional 6,000 hectares and has started an exploration campaign with Empresa Minera Los Quenuales S.A., a subsidiary of Glencore who has committed to invest US\$2.75 million dollars over the next 2 years to produce a feasibility report. Under the terms of the option agreement dated November 2, 2006, Glencore has the option to acquire a 51% interest in Azulcocha West. Vena has sold ore from the underground workings to Glencore throughout 2007 generating a revenue stream while milling facilities and permits are being processed.

Vena has reopened 5 underground levels and began a program intended to confirm the historically reported 3.3 million tons of remaining ore leading to the publication of a NI 43-101 compliant report in early 2008 together with a scoping study.

Based on preliminary work, the company has decided to purchase a 1,400 tpd floatation mill to process zinc and lead ore from this underground operation as well as from any future ore delineated in the Azulcocha West exploration program. A 3 MvA electrical substation is operational as of the end of 2007.

### **Uranium Concessions**

On March 29, 2006, Vena began an exploration and confirmation field campaign on its 15,500 hectare uranium concessions in Peru which are controlled by Vena through a 98% owned subsidiary Minergia S.A.C.

Four field campaigns have been completed, the company has reported high-grade uranium mineralization along trenches in fracture veins as well as along disseminated sandstone formations, and is getting ready to commence a drilling campaign as soon as community and government permits are in place.

There are three districts that constitute the first field exploration campaigns: Macusani, Lagunillas and Munani. Vena’s efforts to date have been focused on the Macusani and Munani regions.

Vena acquired an additional 31,500 hectares of uranium in Peru. Vena now controls 47,500 hectares of uranium prospects. On September 4, 2007 the Company signed a subscription agreement with Cameco Corporation whereby Cameco has the option to invest \$10 million over the next four years in two stage payments to obtain up to 50% of Minergia S.A.C. Cameco can increase its stake to 60% when a feasibility study is done and completed and to 70% when mine development commences. Cameco invested \$400,000 as an initial capital contribution under which they ended up with 2% of Minergia S.A.C.

Drill permits are eminent and a large drill program will commence in 2008 and last for at least 2 years intended to delineate a high-tonnage low grade near surface resource in three regions of southern Peru.

Minergia’s budget for 2008 has been increased by 50% to close to US\$4,000,000

### **The Aurora Project**

On March 23, 2005, Vena signed a purchase option agreement with Sociedad Minera Parobamba II (Parobamba), a private Peruvian company, for its Aurora copper-molybdenum project in Peru. The Aurora project, located in the

Department of Cusco at an elevation of approximately 2,500 metres was previously explored by Bear Creek Mining who completed a US\$300,000 program of 6 diamond drill holes. It is particularly attractive due to the relatively high grades of molybdenum and the potential for gold and silver values which were not assayed for in the previous exploration campaign.

The Aurora property is within the Yauri-Andahuaylas metallogenic corridor which is well known for its copper-gold porphyry and skarn deposits. The BHP Billiton Tintaya mine is perhaps the best known of these deposits.

Terms of the purchase option include a payment of US\$25,000 at the signing of the registerable transfer documents and a payment of \$25,000 after 4 months of confirmation testing with subsequent payments of US\$25,000 6 months after the confirmation period and US\$50,000 after 12 months. This payment cycle repeats for each of the next 4 years. At any time during the five years, Vena can drop the option without penalty or purchase the property for a total of US\$4,000,000. There is a work commitment of US\$500,000 in each of the five years of the option period.

Vena re-assayed the drill core that is stored on the property to confirm the reported values and include gold and silver assays in the data base. Aurora went through a 2,000 meter phase I drilling campaign in 2005. Vena first confirmed all historical drilling results and completed the first drilling campaign targeting the centre portion of the porphyry. Thus far all 11 drill holes have delineated two areas of mineralization that are open along the strike. The Company has reported significant mineralization of Cu/Mo with an average grade higher than 0.6% Cu with significant Molybdenum credits.

The company expects to complete a large geophysics campaign to help defined the next set of drill targets in the first half of 2008 and perform a third drill program also in 2008.

### **Pucara Project**

The Company acquired a group of concessions in the Pucara area of southern Peru. The Company granted 100,000 shares of Vena to the owners of these concessions and has paid US\$75,000. Additional shares and cash payments will be granted if key milestones are reached annually, and a US\$1/tonne cash payment up to 10 million tones as defined by a future feasibility study will be granted.

The Pucara project has been mined for 12 years by a small miner. Most recently, Pucara has been explored by CVRD of Brazil, completing 1,600 metres in 8 diamond drilled holes. The mineralization is mainly veins with widths varying from 1 to 5 metres and disseminated structures containing gold and copper. The principal veins are Santo Tomas and Esperanza; both outcrop for more than 2 kilometres. The Gladys disseminated structure located in the center portion of the project outcrops for at least 90 metres by 17 metres, containing chalcopyrite and gold with some galena and sphalerite. Several structures with disseminated mineralization are also present along the northern boundary of the project. Vena has retained a Denver based metallurgical consultant to test the oxide mineralized portion of the Gladys structure for a possible flotation recovery scheme. If successful, this would be followed by a standard flotation recovery system for the sulfide portion of the Gladys mineralized body.

After a review of the property by Vena personnel as well as a consulting geologist, the Company started to drill 4,400 metres in 21 targets. The depth of the holes range from 150 and 300 metres. This will expand on the work done by CVRD of Brazil and should lead to a 43-101 report on the prospect in early 2008.

Drill program will be followed by an extensive underground development program to delineate a resource and to drift along the vein structures and begin engineering studies to possible mine the Gladys pit asap.

### **Granja Nueva Project**

The Granja Nueva copper/gold mineral concessions totaling 2,800 hectares from the Ministry of Energy and Mines of Peru. The Company is in the process of assembling an exploration team to confirm the historical data and expand our geological knowledge of Granja Nueva leading to a drilling campaign. Previous geological work performed by Cambior identified five targets within the area: El Pozo; Rumichaca; El Rejo; Totoral; and La Chonta. Further technical updates related to project developments will be reported after field confirmation programs.

Granja Nueva is adjacent to Rio Tinto's world-class La Granja project in northern Peru. Rio Tinto acquired La Granja in December 2005 from the Peruvian government via an open bid process. Prior to Rio Tinto's ownership, La Granja was owned by Cambior which reported several billion pounds of copper in-situ.

Granja Nueva is an early stage exploration project in an area of northern Peru where some of the largest copper porphyries and/or gold high sulfidation deposits have been found to date. This area is actively being explored and developed by several multi-national companies including Rio Tinto, Newmont, Buenaventura, Goldfields, CVRD, and Southern Copper. Michiquillay a world class copper/gold project is also located in this region of Peru and has recently been purchased by Anglo American for US\$403 million dollars. A number of junior companies have advanced exploration projects including Candente's Canariaco and Northern Peru Copper's Galeno project.

#### **Aucapampa Property**

The property is located in the country of Peru on the west coast of South America. Peru is divided in 24 Departments which are each further subdivided into several provinces. The property is located in the Department of Apurimac.

The property is approximately 348 kilometres from the community of Nazca which is in turn located approximately 420 kilometres south of Lima on the PanAmerican Highway. Approach to the property can be made to within 38 kilometres via asphalt, all-weather highway.

The property comprises 2,970 hectares of mining concessions. The three concessions are registered under the legal names of Nueva Alicia 1, Nueva Alicia 2 and Nueva Alicia 3.

Pursuant to an option agreement dated February 10, 2004, as amended, among Vena, Rosario Espino Quijandria, Alicia Rico Quijandria and Jesus Rico Quijandria (the "Aucapampa Option") Vena has an option to acquire 100% of the property under the following terms and conditions:

- initial payment of US\$60,000 which was made upon registering the option agreement
- monthly payments are to be made as follows: US\$20,000 for years 1 and 2, US\$25,000 for year 3, US\$50,000 for year 4 and US\$70,000 for year 5
- a final payment of US\$850,000 is payable in the 6th year of the option
- on commercial production a net smelter royalty of 1 percent is to be paid on all sales receipts net of ad valorem taxes, sales costs, measuring and transportation costs and insurance costs
- the option can be cancelled by Vena at any time without penalty

Under Peruvian law, the concessions remain in good standing as long as the annual registration payments (\$3.00 per hectare) are received by June of each year. One grace year is added in the event of a delinquent payment.

The property has no known ore reserves. On December 15, 2004 Vena announced that the preliminary results of its first drill program on its Aucapampa gold-copper deposit in the Apurimac region of Peru were encouraging. Due to the positive drilling results, a follow-up drill program was planned to commence in the first quarter of 2006.

The terms of this agreement were amended as follows:

- Term of the agreement: December 31, 2004 to December 31, 2007
- The optionor will receive US\$3.00 per ounce gold mined for a minimum of 500,000 ounces to transfer title
- Monthly payments are hereby adjusted to US\$7,500 per month for the term of the option.

This property was written off during fiscal 2007.

#### **Capital Resources, Capital Expenditures and Liquidity**

The Company's working capital was \$10,169,410 as at December 31, 2007, which is a decrease of \$5,322,600 from September 30, 2007 working capital of \$15,492,010.

During the three month period ended December 31, 2007, the Company received \$34,000 from the exercise of 60,000 stock options. During the year ended September 30, 2007, the Company received \$3,804,000 from the exercise of 5,744,424 common share purchase warrants and the Company received \$965,250 from the exercise of 1,565,000 stock options.

During the three month period ended December 31, 2007, the Company made additions to drilling properties of \$1,884,318 compared to \$139,319 in the same period in 2006. During the year ended September 30, 2007, Vena made additions to drilling properties of \$4,583,664 compared to \$1,478,308 in the same period in 2006. The levels of expenditures will increase in the future.

On April 4, 2007, the Company closed a private placement for 13,499,231 units at \$1.40 per unit for total proceeds of \$18,898,924. Each unit is comprised of one special warrant and one common share purchase warrant, which is exercisable at \$2.00 per common share for a two-year period. In addition, 703,340 broker warrants were also issued at \$2.00 for a two-year period.

On January 16, 2006, the Company raised \$1,131,251 by issuing 2,262,501 units through private placement. Each unit was priced at \$0.50 and comprised of one common share and one-half common share purchase warrant, which is exercisable at \$0.75 for a one-year period following the closing date. The company also had another private placement in September 2006 raising \$967,500 by issuing 1,935,000 units. Each unit was priced at \$0.50 and comprised of one common share and one common share purchase warrant, which is exercisable at \$0.75 for a two year period following the closing date.

On October 16, 2006, Vena had a private placement of 20,000 purchase warrants for proceeds of \$10,000.

On-going commitments for capital resources relate largely to the maintenance of the mineral permits. Under Peruvian law, the concessions remain in good standing as long as the annual registration payments (\$3.00 per hectare) are received by June of each year. One grace year is added in the event of a delinquent payment. The Company will spend the funds available to it to further its stated business objectives. Specifically, the available funds will be spent to explore and develop its two principal mining properties in Peru and to make property payments on all of its properties in Peru. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

The following table represents the current estimate of property payments, exploration expenditures and corporate expenditures for the twelve months ending December 31, 2008. Actual exploration activities may result in changes to the estimated property payments and/or exploration expenditures on each property. This table does not include estimated proceeds from the sale of Ore or Concentrate.

<b>EXPLORATION</b>	<b>US\$</b>
<b>AZULCOCHA PROJECT</b>	
Surface Exploration	15,000
Permits	90,000
Diamond Drilling	130,000
Mine development	840,000
Production	1,000,000
Mill	1,000,000
Indirect Costs	200,000
<b>Total</b>	<b>3,275,000</b>
<b>AZULCOCHA WEST PROJECT</b>	
Surface Exploration	30,000
Permits	50,000
Diamond Drilling	930,000
Metallurgical Tests	20,000
Indirect Costs	90,000
<b>Total</b>	<b>1,120,000</b>
<b>URANIUM PROJECT</b>	
Surface Exploration	500,000
Permits	240,000
Diamond Drilling	2,800,000
Metallurgical Tests	80,000
Indirect Costs	180,000

<b>Total</b>	<b>3,800,000</b>
<b>INCA GOLD PROJECT - MASMA</b>	
Surface Exploration	120,000
Indirect Costs	12,000
<b>Total</b>	<b>132,000</b>
<b>PUCARA PROJECT</b>	
Surface Exploration	20,000
Permits	50,000
Mine development	700,000
Pilot Plant	680,000
Indirect Costs	110,000
<b>Total</b>	<b>1,560,000</b>
<b>ESQUILACHE PROJECT</b>	
Surface Exploration	350,000
Diamond Drilling	300,000
Indirect Costs	120,000
<b>Total</b>	<b>770,000</b>
<b>AURORA PROJECT</b>	
Surface Exploration	20,000
Permits	50,000
Indirect Costs	12,000
<b>Total</b>	<b>82,000</b>
<b>TOTAL EXPLORATIONS</b>	<b>10,739,000</b>
Government Payments	290,000
Contingency fee	1,402,575
<b>TOTAL BUDGET</b>	<b>12,431,575</b>
<b>OPTIONEE PAYMENTS</b>	<b>(3,000,000)</b>
<b>OPTIONEE PAYMENTS</b>	<b>(1,120,000)</b>
<b>Expenditures not including sales revenue</b>	<b>8,311,575</b>

The Company is dependent on obtaining future financings for the exploration and development of its properties and for the acquisition of any new projects. There is no assurance that such financings will be available when the Company requires them, or under terms that are favourable.

### Selected Financial Information

The information below should be read in conjunction with the management's discussion and analysis, the consolidated financial statements and related notes and other financial information. The following is for the periods ended:

	<b>Three Month Period Ended December 31, 2007</b>	<b>Year ended September 30, 2007</b>	<b>Year ended September 30, 2006</b>	<b>Year ended September 30, 2005</b>
	\$	\$	\$	\$
Total revenue	344,796	1,469,621	-	-
Loss	916,471	7,841,392	2,961,114	3,310,781
Loss per share	0.013	0.126	0.064	0.091
Total assets	27,585,424	26,950,797	7,600,849	5,855,247

**Results for the three months ended:**

	<b>December, 2007</b>	<b>September, 2007</b>	<b>June 30, 2007</b>	<b>March 31, 2007</b>
	\$	\$	\$	\$
Total revenue	344,796	910,057	426,186	35,954
Loss	916,471	1,119,273	3,130,133	697,005
Loss per share	0.013	0.013	0.044	0.013

	<b>December 31, 2006</b>	<b>September 30, 2006</b>	<b>June 30, 2006</b>	<b>March 31, 2006</b>
	\$	\$	\$	\$
Total revenue	97,424	-	-	-
Loss	2,894,981	981,396	717,657	852,803
Loss per share	0.056	0.020	.015	0.019

**Related Party Transactions**

During the three month period ended December 31, 2007, a company controlled by James Fairbairn charged Vena a total of \$6,000 in respect of the services of James Fairbairn, Chief Financial Officer of the Company. These charges were for accounting fees. Mr. Fairbairn is retained by the Company pursuant to a verbal consulting agreement on a month-to-month basis.

Juan Vegarra, Chairman and Chief Executive Officer and director, charged the Company \$52,500 for the three month period ended December 31, 2007. Mr. Vegarra is retained by the Company pursuant to a verbal consulting agreement on a month-to-month basis.

Denis Clement and Associates ("DCA") was paid by the Company a total of \$13,500 for the three month period ended December 31, 2007 in respect of the services of Denis Clement. Denis Clement, a director of the Company, beneficially owns DCA.

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

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash, sundry receivables, GST, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments approximate their carrying values.

**Dividends**

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

**Assessment of Recoverability of Mineral Property Costs**

The Company's recorded value of its exploration properties is based on historical costs that expect to be recovered in the future. The Company's recoverability evaluation is based on market conditions for minerals, underlying

mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale.

#### **Assessment of Recoverability of Future Income Tax Assets**

In preparing the consolidated financial statements, the Company is required to estimate its income tax obligations. This process involves estimating the actual tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. The Company assesses, based on all available evidence, the likelihood that the future income tax assets will be recovered from future taxable income and, to the extent that recovery cannot be considered "more likely than not," a valuation allowance is established. If the valuation allowance is changed in a period, an expense or benefit must be included within the tax provision on the consolidated income statement.

#### **Estimate of Stock Based Compensation and Associated Assumptions**

The Company recorded stock-based compensation based on an estimate of the fair value on the grant date of stock options issued. This accounting required estimates of interest rate, life of options, stock price volatility and the application of the Black-Scholes option pricing model. See note 6 of the December 31, 2007, unaudited consolidated financial statements for a full disclosure.

#### **Assessment of Recoverability of Receivables Including VAT**

The carrying amount of accounts receivables, and Value Added Tax are considered representative of their respective values. The Company assesses the likelihood that these receivables will be recovered and, to the extent that recovery is considered doubtful a provision for doubtful accounts is recorded.

#### **Critical Accounting Policies**

##### **Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of all entities controlled by the Company. The effects of all transactions between entities in the consolidated group are eliminated in full. Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of operations and deficit from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

##### **Income Tax**

The Company accounts for income taxes in accordance with the asset and liability method. The determination of future income tax assets and liabilities is based on the differences between the financial statement and the income tax bases of assets and liabilities, using substantively enacted tax rates in effect for the period in which the differences are expected to reverse. Future income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is more likely than not that they will be realized.

##### **Exploration and Evaluation Costs**

Exploration and evaluation expenditure costs incurred by the Company are accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead and foreign exchange movement on loans directly attributable to the project, but does not include general overheads or administrative expenditure. Mineral property acquisition costs are capitalized. Exploration and evaluation expenditure for each area of interest is expensed as incurred, unless such costs are expected to be recovered through successful development and exploitation of the area of interest or, alternatively, by its sale. Expenditure is not deferred in respect of any area of interest or mineral resource unless the Company's rights of tenure to that area of interest are current.

##### **Foreign Currency Translation**

The Company employs the temporal method of translation for its integrated operations. Under this method, monetary assets and liabilities are translated at the year-end rates and all other assets and liabilities are translated at applicable historical exchange rates. Revenue and expense items are translated at the rate of exchange in effect at the date the transactions are recognized in income, with the exception of amortization which is translated at the historical rate for the associated asset. Realized exchange gains and losses and currency translation adjustments are included in income. The Company does not have any self sustaining operations.

**Property, Plant and Equipment**

The cost of each item of property, plant and equipment is amortized on a straight line basis over its expected useful life to the Company. The expected useful lives of plant and equipment held are between five and ten years.

The carrying value of property, plant and equipment is reviewed and where there is an indication of impairment and the carrying values exceed their recoverable amount, they are written down to fair value.

**Cash and Cash Equivalents**

Cash and cash equivalents are comprised of highly liquid investments with maturity of 3 months or less at the date of original issue.

**Loss per Share**

Basic loss per share is determined by dividing the net loss by the weighted average number of ordinary shares outstanding during the financial period. Diluted loss per share is the same as basic loss per share as the effect of potential issues of shares under option or from warrant exercises would be anti-dilutive.

**Asset Retirement Obligations**

Future costs to retire an asset including dismantling, remediation and ongoing treatment, and monitoring of the site are recognized and recorded as a liability at fair value. The liability is accreted, over time through periodic charges to earnings. In addition, asset retirement costs are capitalized as part of the asset's carrying value and amortized over the asset's useful life.

The Company has no obligations relating to retirement of its assets as at September 30, 2007 and September 30, 2006 and no liability has been recognized.

**Accounting Policy Choice for Transaction Costs**

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, Accounting Policy Choice for Transaction Costs (EIC-166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective September 30, 2007 and requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement. The Company has evaluated the impact of EIC 166 and determined that no adjustments are currently required.

**Changes in Accounting Policies Including Initial Adoption****Comprehensive Income, Equity, Financial Instruments and Hedges**

On October 1, 2006, the Company adopted CICA Handbook Sections 1530, "Comprehensive Income", Section 3251 "Equity", Section 3855, "Financial Instruments - Recognition and Measurement", Section 3861, "Financial Instruments - Disclosure and Presentation" and Section 3865, "Hedges."

Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost.

Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated except for the requirement to restate currency translation adjustment as part of other comprehensive income.

Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same period as for those related to the hedged item.

The adoption of these Handbook Sections had no impact on opening deficit.

## **Future Accounting Changes**

### **Accounting Changes**

In July 2006, the Accounting Standards Board ("AcSB") issued a replacement of The Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements.

The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

## **Capital Disclosures and Financial Instruments – Disclosures and Presentation**

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These standards are effective for interim and annual consolidated financial statements for the Company's reporting period beginning on October 1, 2007.

Section 1535 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.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. 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. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

## **Financial Instruments and other Instruments**

### **Net Fair Value of Financial Assets and Liabilities**

The Company's financial instruments comprise cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and amount due to Equinox Minerals Limited.

Cash and cash equivalents have been designated as held-for-trading, which are measured at fair value. Accounts receivable is classified as loans and receivables, which are measured at amortized cost. Accounts payable and

accrued liabilities and due to Equinox Minerals Limited are classified as other financial liabilities, which are measured at amortized cost.

### **Financial Instrument Risk Exposures**

It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments and that their fair values approximate their carrying value unless otherwise noted.

### **Controls and Procedures**

The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and assessed the design of the Company's internal controls over financial reporting as of September 30, 2007, pursuant to the requirements of Multilateral Instrument 52-109.

Management has concluded that, as of September 30, 2007, such financial reporting disclosure controls and procedures and the design of the Company's internal controls over financial reporting were effective.

Management is not aware of any changes in its internal controls over financial reporting during 2007 that would materially affect, or is reasonably likely to materially affect, its internal controls over financial reporting.

### **Risks and Uncertainties**

#### **Political Risk**

All of the properties are located in Peru and, accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in Peru. In addition, Peru is a developing country that has experienced political and economic difficulties over the years. Vena's mineral exploration activities could be affected in varying degrees by such political instability and government regulation relating to foreign investment and the mining business. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation.

Vena's ability to conduct future exploration and development activities is subject to changes in government regulations and shifts in political attitudes over which Vena has no control.

There is social unrest in Peru resulting from high expectations of an improvement of living standards and high levels of unemployment. Protesters have targeted foreign firms in the mining sector in recent years. The Las Princesas property is situated in historical mining districts, in areas which have not experienced any significant civil unrest to date. However, there can be no assurance that future social unrest will not have an adverse impact on Vena's operations.

#### **Business Risk**

There are numerous business risks involved in the mineral exploration industry, some of which are outlined below. Vena does not currently own 100% of the two mineral concessions contained in the Las Princesas property. Similarly, any non-compliance with or non-satisfaction of the terms of the Option by Vena could affect its ability to exercise the Option and earn its interest in the mining concessions and assets relating to the property.

In Peru, mining concessions do not include surface rights and there can be no assurance that Vena will be successful in negotiating long term surface rights access agreements in respect of the properties. Failure to obtain surface rights could have an adverse impact on Vena's future operations.

Vena's current or future operations, including development activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether.

The success of the operations and activities of Vena is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgement, as well as the expertise and competence of the outside contractors, experts and other advisors. Vena does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect Vena's operations and financial performance.

On May 17 2007, the TSX granted an approval for listing Vena's common shares on the Exchange under the trading symbol "VEM" on May 30, 2007. The Company's shares also trade on the Lima stock exchange under the trading symbol "VEM", and the Frankfurt stock exchange under the trading symbol "VIR"

### **Commodity Price Risk**

The price of the common shares in the capital the Company ("Common Shares"), its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of gold and/or other metals. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and sale of precious and base metals or interests related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

### **Currency Risk**

The Company's expenses are recorded in Canadian dollars so there is no risk in that regard. However, Vena is exposed to market risks resulting from fluctuations in currency exchange rates for the Peruvian Nuevo Sol due to the operations in Peru. This includes but is not limited to the effects on operating costs and hence on cash flows.

### **Additional Capital**

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favorable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

### **Environmental and Permitting**

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

### **Acquisition**

The Company uses its best judgment to acquire mining properties for exploration and development in pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company can not assure that it can complete any acquisition that it pursues or is currently pursuing, on favorable terms, or that any acquisition completed will ultimately benefit the Company.

### **Competition**

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

### **Internal Control over Financial Reporting**

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During the most recent quarter end there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### **Proposed Transactions**

In the normal course of business, as an ongoing part of the exploration process, the Company investigates mineral properties which are submitted to the Board of Directors for consideration. As well there are transactions listed in the "Subsequent to the end of the period" section of this MD&A. However, the Company continues to evaluate, review and negotiate a number of other prospective projects in Peru.

### **Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the year covered by this management's discussion and analysis, management of the Corporation, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

### **Management's Responsibility**

Management is responsible for all information contained in this report. The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the audited consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

External auditors, appointed by the shareholders, have not examined the consolidated financial statements for the three month period ended December 31, 2007.

The Audit Committee has reviewed the unaudited consolidated financial statements with management. The Board of Directors has approved the unaudited consolidated financial statements on the recommendation of the Audit Committee.

Andres Tinajero, CFO  
February 13, 2008

**Vena Resources Inc.**

**Interim Consolidated  
Financial Statements *(unaudited)***

**For the period ended  
December 31, 2007**

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**Notice to Reader**

Management has compiled the unaudited interim consolidated financial information of Vena Resources Inc. consisting of the interim Consolidated Balance Sheet as at December 31, 2007 and the Consolidated Statements of Operations and Comprehensive Loss and Deficit and Cash Flows for the three months ended December 31, 2007. All amounts are stated in Canadian Dollars. An accounting firm has not reviewed or audited this interim financial information.

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**Vena Resources Inc.**  
**Consolidated Balance Sheets** *(unaudited)*

<b>As at</b>	<b>December 31, 2007</b>	<b>September 30, 2007</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 10,239,671	\$ 14,960,738
GST and foreign sales taxes recoverable	2,429,596	1,911,062
Inventory	44,420	51,487
Prepaid expenses	160,567	147,025
	<b>12,874,254</b>	<b>17,070,312</b>
<b>Mineral properties and deferred expenditures</b> <i>(Note 3)</i>	<b>10,619,440</b>	<b>8,735,122</b>
<b>Capital assets</b> <i>(Note 4)</i>	<b>4,091,730</b>	<b>1,145,363</b>
	<b>\$ 27,585,424</b>	<b>\$ 26,950,797</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities <i>(Note 7)</i>	\$ 2,704,844	\$ 1,578,302
<b>Minority interest</b>	<b>140,835</b>	<b>128,279</b>
	<b>2,845,679</b>	<b>1,706,581</b>
<b>Shareholders' Equity</b>		
<b>Capital Stock</b> <i>(Note 5)</i>	<b>29,471,783</b>	<b>29,408,783</b>
<b>Contributed Surplus</b> <i>(Note 6)</i>	<b>11,052,129</b>	<b>10,703,129</b>
<b>Deficit</b>	<b>(15,784,167)</b>	<b>(14,867,696)</b>
	<b>24,739,745</b>	<b>25,244,216</b>
	<b>\$ 27,585,424</b>	<b>\$ 26,950,797</b>

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

**Vena Resources Inc.**

**Consolidated Statements of Operations and Comprehensive Loss and Deficit *(unaudited)***

Three Months Ended December 31,	2007	2006
<b>Sales</b>	<b>\$ 344,796</b>	<b>\$ 97,424</b>
<b>Cost of Sales</b>	<b>(228,194)</b>	<b>-</b>
<b>Gross Profit</b>	<b>116,602</b>	<b>97,424</b>
<b>Administrative expenses</b>		
Stock-based compensation <i>(Note 5)</i>	378,000	862,240
Consulting	520,783	197,512
Salaries and benefits	80,116	271,605
Shareholder relations	104,952	123,969
Office and general	139,766	48,257
Travel	54,637	34,319
Professional fees	17,221	14,981
Foreign exchange gain	(214,431)	(32,636)
<b>Loss and comprehensive loss before interest income, minority interest and write-down</b>	<b>964,442</b>	<b>1,422,823</b>
<b>Interest income</b>	<b>(60,488)</b>	<b>-</b>
<b>Minority interest</b>	<b>12,517</b>	<b>-</b>
<b>Write-down of mineral properties and deferred expenditures <i>(Note 3)</i></b>	<b>-</b>	<b>1,472,158</b>
<b>Loss and comprehensive loss</b>	<b>916,471</b>	<b>2,894,981</b>
<b>Deficit, beginning of period</b>	<b>14,867,696</b>	<b>7,026,304</b>
<b>Deficit, end of period</b>	<b>\$ 15,784,167</b>	<b>\$ 9,921,285</b>
<b>Loss per share – basic and diluted</b>	<b>1.3¢</b>	<b>5.6¢</b>
<b>Weighted average number of shares outstanding - basic</b>	<b>71,285,030</b>	<b>51,851,909</b>
- diluted	<b>75,095,030</b>	

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

**Vena Resources Inc.**

## Consolidated Statements of Cash Flow *(unaudited)*

Three Months Ended December 31,	2007	2006
<b>OPERATING ACTIVITIES</b>		
Loss	\$ (916,471)	\$ (2,894,891)
Non-cash items::		
Stock-based compensation	378,000	862,240
Unrealized foreign exchange gain	60,115	(19,169)
Minority interest	12,517	(32,183)
Write-down of mineral properties and deferred expenditures	-	1,472,158
Net change in non-cash working capital :		
GST and foreign sales tax recoverable	(518,534)	(64,167)
Inventory	7,067	-
Prepaid expenses and deposits	(13,542)	5,617
Accounts payable and accruals	1,126,543	(19,744)
	135,695	(690,139)
<b>INVESTING ACTIVITIES</b>		
Additions to mineral properties	(1,884,318)	(139,319)
Additions to capital assets	(2,946,367)	(58,177)
	(4,830,685)	(197,496)
<b>FINANCING ACTIVITIES</b>		
Issuances of common shares, net of issue costs	34,000	2,769,926
	34,000	2,769,926
<b>Net (decrease) increase in cash and cash equivalents</b>	(4,660,990)	1,882,291
Foreign exchange (loss) gain on cash held in foreign currency	(60,077)	10,078
Cash and cash equivalents, beginning of period	14,960,738	870,248
<b>Cash and cash equivalents, end of period</b>	\$ 10,239,671	\$ 2,762,617
<b>Cash and cash equivalents are comprised of:</b>		
Cash	\$ 10,239,671	\$ 2,762,617
Short-term investments	-	-
	\$ 10,239,671	\$ 2,762,617
Interest paid during the period	\$ Nil	\$ Nil
Income taxes paid during the period	\$ Nil	\$ Nil

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

**Vena Resources Inc.**  
**Notes to the Unaudited Consolidated Financial Statements**  
**Three Months Ended December 31, 2007**

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**General**

Vena Resources Inc. (Vena or the Company) was incorporated under the laws of the Province of Ontario, Canada. Its principal business activities are that of mineral exploration and production in Peru.

**1. Nature of Operations**

Vena is in the process of exploring its mineral properties and has not yet determined whether all the properties contain economically recoverable reserves. The recovery of expenditures on mineral properties and the related deferred exploration costs is dependent upon the existence of economically recoverable mineralization, the ability of Vena to obtain financing necessary to complete the exploration and the development of the mineral properties, and upon future profitable production or alternatively, on the sufficiency of proceeds from disposition.

These consolidated financial statements have been prepared on a going concern basis. If the going concern assumption is not appropriate, then material adjustments may be necessary to the carrying amounts and/or classifications of assets and liabilities in these consolidated financial statements.

**2. Summary of Significant Accounting Policies**

***Significant Accounting Policies***

These unaudited interim consolidated financial statements of Vena Resources Inc. have been prepared in accordance with the recommendation of the handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"), except for the application of the recommendations of the CICA Handbook on Capital Disclosures and Financial Instruments – Disclosure and Presentation which became effective October 1, 2007.

The operating results for the three months ended December 31, 2007 are not necessarily indicative of the results that may be expected for the full fiscal year ending on September 30, 2008.

***New Accounting Standards***

Effective October 1, 2007, the Corporation adopted the following new CICA accounting standards.

Section 1535 Capital Disclosures establishes disclosure requirements regarding an entity's capital, including (i) an entity's objectives, policies, and processes of managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any externally imposed capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The new standard has had no impact on the Corporation's financial statements.

Sections 3862 Financial instruments – Disclosures and 3863 Financial Instruments – Presentation replace Section 3861 Financial Instruments – Disclosure and Presentation, revising and enhancing disclosure requirements while leaving presentation requirements unchanged. 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. The new standards have had no material impact on the Corporation's financial statements.

**Vena Resources Inc.**  
**Notes to the Unaudited Consolidated Financial Statements**  
**Three Months Ended December 31, 2007**

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***Future Accounting Pronouncements***

The CICA issued new accounting standard Section 3031 Inventory which becomes effective for the fiscal year beginning on or after October 1, 2008. Section 3031 establishes standards for the measurement of inventories, allocations of overhead, accounting for write-downs and disclosures. The Corporation has determined that this new standard will have no material impact on the financial statements.

***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company together with its wholly-owned subsidiaries Vena Resources (2004) Inc., Compañía Vena Peru S.A.C. (formerly Compañía Las Dunas de Oro S.A.C.), Inca Gold Company S.A.C., Compañía Azure del Peru S.A.C., Pukara Mining S.A.C., Compañía Minera Milagros del Socorro S.A.C., Contratistas Coldillera S.A.C., as well as a 78% interest in Compañía Nueva Princesa S.A.C. and 98% of Minergia S.A.C.

***Foreign Currency Translation***

Vena uses the temporal method of foreign currency translation in accounting for its integrated foreign operations. Under this method foreign currency denominated monetary assets and liabilities are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date while non-monetary assets and liabilities are translated into Canadian dollars at the exchange rate prevailing on the date of the transaction. Revenue and expenditures denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing on the date of the transaction. Foreign exchange gains and losses arising from the translation of these foreign currency denominated transactions are reflected in operations for the period.

***Mineral Properties and Deferred Expenditures***

Vena defers the costs of exploration and capital assets on existing projects and carries them as assets until production commences. Mineral properties and the deferred exploration expenditures are recorded at cost and do not necessarily reflect present or future values. If a project is successful, the related mineral properties and deferred exploration expenditures will be amortized over the estimated economic life of the project. If a project is unsuccessful, or if exploration has ceased because continuation is not economically feasible, the mineral properties and the related deferred exploration expenditures are written off.

***Cash and Cash Equivalents***

Cash and cash equivalents include short-term investments having an original maturity of less than or equal to 90 days.

***Capital Assets***

Capital assets are recorded at cost less accumulated amortization. Amortization is computed using the straight-line method at the following rates:

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Machinery and transport units	20%
Furniture and fittings	10%
Various equipment	25% and/or 10%

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**Vena Resources Inc.**  
**Notes to the Unaudited Consolidated Financial Statements**  
**Three Months Ended December 31, 2007**

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***Income Taxes***

Vena follows the liability method of accounting for income taxes. Under this method, future tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax liabilities and assets are measured using enacted tax rates. The effect on future tax liabilities and assets of a change in tax rates is recognized in the period that the change occurs.

***Loss Per Share***

Basic loss per share is calculated by using the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by using the treasury stock method. Under this method, warrants and options are considered dilutive when the average stock market price of Vena's common shares exceeds the exercise price of options and warrants issued and outstanding.

***Revenue Recognition***

Revenue is recognized at the time that the crushed ore, concentrate and minerals are delivered to a rail yard, which is the time that title transfers. The contained metal in the crushed ore shipped is assayed and, pursuant to sales contracts, the appropriate negotiated amount of recoverable metal contained therein, is recorded in revenue. The crushed ore is sold under contracts that provide for final prices that are determined by quoted market prices in a period subsequent to the date of sale. Variations from the provisionally priced sales are recognized as revenue adjustments as they occur until the price is finalized. Provisional pricing is based upon market prices in the month of recognition.

***Stock-Based Compensation***

Vena has a stock-based compensation plan for its directors, officers, key employees and consultants to the Company. Vena records stock-based compensation using the fair value method. Under this method, stock-based payments are measured at the fair value of the equity instruments issued, and are amortized over the vesting period. The offset to the recorded cost is to contributed surplus.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

***Impairment of Long-lived Assets***

Vena reviews mineral properties and deferred costs for impairment on a periodic basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses on long-lived assets are recognized when events or changes in circumstances indicate that the undiscounted cash flows estimated to be generated by such assets are less than their carrying value and, accordingly, all or a portion of such carrying value may not be recoverable. Impairment losses then are measured by comparing the fair value of assets to their carrying amounts.

***Asset Retirement Obligations***

The Company recognizes a liability for its legal obligations associated with the retirement of its tangible long-lived assets, which includes mineral properties and property and equipment with a finite life. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is amortized over the life of the asset, provided a reasonable estimate of the obligations can be made. The liability is increased over time to reflect an accretion element consideration in the initial measurement at fair value. The liability may be adjusted prospectively in future periods as a result of changes in estimates relating to timing or amounts of underlying cash flows. At December 31, 2007, the Company has not incurred or committed any asset retirement obligations.

**Vena Resources Inc.**  
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***Inventory***

Pre-production inventory includes ore mined and brought to surface from a mine that has not achieved commercial production and is valued at the lower of cost and net realized value. Concentrate inventory are measured at cost.

***Mine closure and site restoration***

The fair value of a liability for mine closure and site restoration, also known as an asset retirement obligation, is recognized commencing the year in which the mine reaches full commercial production. When a liability is initially recorded, a corresponding increase to the carrying amount of the related asset is recorded. The asset is amortized on a unit-of-production basis over the estimated life of the mine and the liability is increased, through accretion, by the interest factor that was applied in the initial measurement of fair value. Vena will make periodic assessments as to the reasonableness of its mine closure and site restoration obligation.

***Comprehensive Income***

Section 1530 – “Comprehensive Income” introduces the concept of comprehensive income to Canadian GAAP. Comprehensive income is the change in equity (net assets) of the Company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes to equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income is comprised of net income for the period and other comprehensive income.

***Financial Instruments***

Section 3855 – “Financial Instruments – Recognition and Measurement” prescribes when a financial asset, financial liability, or non-financial derivative should be recognized on the balance sheet as well as its measurement amount. This section also specifies how financial instruments gains and losses are to be presented.

**3. Mineral Properties and Deferred Expenditures**

	Mineral Properties	Exploration Costs	Mine Development Costs	Total
Balance at September 30, 2006	\$ 2,190,420	\$ 3,191,090	\$ 195,146	\$ 5,576,656
Additions during the year	305,005	1,607,420	2,671,239	4,583,664
Write-down	-	(1,425,198)	-	(1,425,198)
Balance at September 30, 2007	\$ 2,495,425	\$ 3,373,312	\$ 2,866,385	\$ 8,735,122
Additions during the period	-	1,438,742	445,576	1,884,318
Balance at December 31, 2007	\$ 2,495,425	\$ 4,812,054	\$ 3,311,961	\$10,619,440

**Vena Resources Inc.**  
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***Azulcocha Property***

The property is located in the country of Peru in the Department of Junin. The property comprises 5,036 hectares of mining concessions. The property is owned by Compania Azure del Peru S.A.C., 100% of which is owned by Vena Peru. Under Peruvian law, the concessions acquired from the government remain in good standing as long as the annual registration payments (\$3.00 per hectare) are received by June of each year. One grace year is added in the event of a delinquent payment.

Vena staked an additional 6,000 hectares and has started an exploration campaign with Empresa Minera Los Quenuales S.A., a subsidiary of Glencore, to develop the Azulcocha West portion of the property. Under the terms of an option agreement dated November 2, 2006, Glencore has the option to acquire a 51% interest in this portion of the property by incurring US\$2.75 million dollars in exploration and development expenditures over the next two years to produce a feasibility report. Glencore will be required to pay Vena US\$1 million upon delivery of a positive feasibility study during the two year option period it. Vena is selling ore from the underground working to Glencore throughout 2007 generating a revenue stream while milling facilities and permits are being processed.

Vena has reopened five underground levels and began a program intended to confirm the historically reported 3.3 million tons of remaining ore leading to the publication of a NI 43-101 compliant report in early 2008 together with a scoping study. Based on preliminary work, the company has decided to purchase a 1,400 tpd floatation mill to process zinc and lead ore from this underground operation as well as from any future ore delineated in the Azulcocha West exploration program. A three MvA electrical substation is operational at the end of 2007.

***Uranium Concessions***

Vena controls 47,000 hectares of uranium properties in Peru through a 98% owned subsidiary – Minergia S.A.C.

Vena acquired an additional 31,500 hectares of uranium in Peru. Vena now controls 47,500 hectares of uranium prospects. On September 4, 2007 the Company signed a subscription agreement with Cameco Corporation whereby Cameco has the option to invest \$10 million over the next four years in two stage payments to obtain up to 50% of Minergia S.A.C. Cameco can increase its stake to 60% when a feasibility study is done and completed and to 70% when mine development commences. Cameco invested \$400,000 as an initial capital contribution under which they ended up with 2% of Minergia S.A.C.

***Las Princesas Property***

The property is located in the country of Peru and is located in the Department of La Libertad. The property is comprised of two concessions, comprising a total of 1,050 hectares. The property is owned by Nueva Princesa S.A.C., 78 percent of which is owned by Vena Peru. Under Peruvian law, the concessions remain in good standing as long as the annual registration payments (\$3.00 per hectare) are received by June of each year. One grace year is added in the event of a delinquent payment.

Pursuant to a shareholder operating agreement dated June 8, 2004, as amended, among Vena, Jorge Blecker Benduzu and Alexandra Vidaurre Otayza (the “Las Princesas Operating Agreement”), Vena through its subsidiary Vena Peru, created an operating company to continue exploration work on the property. The agreement covers a project area comprising the above referenced two concessions.

**Vena Resources Inc.**  
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The Las Princesas Operating Agreement, as amended, sets out the following terms and conditions:

- The operating company, Nueva Princesa S.A.C. is owned 78% by Vena Peru and 22% by Mr. Jorge Blacker Benduz.
- The operating company will develop a small mine producing 75 tonnes per day of feed to a plant that will be purchased by Vena Peru for an estimated cost of \$530,100. The mine will be operating within 3 months of the signing of the agreement, as amended, providing there is sufficient ore to feed the plant. In the event the plant is not operating at capacity within 3 months of such date, Vena Peru will have up to 1.5 years to bring the operation into production.
- Vena Peru will recover US\$520,000 from the profits of the mine starting in the second year of operation to a maximum monthly payment of \$43,333. Mr. Blacker will also receive a total payment of \$133,000 paid every 3 months starting in the second year of operation. Subsequent to the end of the year the Company decided not to spend any further funds on this property at the present time and is evaluating the results.

***The Aurora Project***

On March 23, 2005, Vena signed a purchase option agreement with Sociedad Minera Parobamba II, a private Peruvian company, for its Aurora copper-molybdenum project in Peru. The Aurora project is located in the Department of Cusco.

Terms of the purchase option include a payment of US\$25,000 at the signing of the registerable transfer documents and a payment of \$25,000 after 4 months of confirmation testing with subsequent payments of US\$25,000 6 months after the confirmation period and US\$50,000 after 12 months. This payment cycle repeats for each of the next 4 years. At any time during the five years, Vena can drop the option without penalty or purchase the property for a total of US\$4,000,000. There is a work commitment of US\$500,000 in each of the five years of the option period.

***The Pucara Project***

Pursuant to a mining option to purchase agreement dated December 15, 2006 and a supplemental agreement dated January 4, 2007 between an individual and Inca Gold Company S.A.C. The Company paid \$75,000 and will issue an aggregate of 500,000 common (100,000 issued) shares for the concessions of the project.

***Aucapampa Property***

The property comprises 2,970 hectares of mining concessions. The three concessions are registered under the legal names of Nueva Alicia 1, Nueva Alicia 2 and Nueva Alicia 3.

Pursuant to an option agreement dated February 10, 2004, as amended, among Vena, Rosario Espino Quijandria, Alicia Rico Quijandria and Jesus Rico Quijandria, Vena has an option to acquire 100% of the property under the following terms and conditions:

- initial payment of US\$60,000 which was made upon registering the option agreement
- monthly payments are to be made as follows: US\$20,000 for years 1 and 2, US\$25,000 for year 3, US\$50,000 for year 4 and US\$70,000 for year 5
- a final payment of US\$850,000 is payable in the 6th year of the option
- on commercial production a net smelter royalty of 1 percent is to be paid on all sales receipts net of ad valorem taxes, sales costs, measuring and transportation costs and insurance costs
- the option can be cancelled by Vena at any time without penalty

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Under Peruvian law, the concessions remain in good standing as long as the annual registration payments (\$3.00 per hectare) are received by June of each year. One grace year is added in the event of a delinquent payment. The property has no known ore reserves.

The terms of this agreement were amended as follows:

- Term of the agreement: December 31, 2004 to December 31, 2007
- The optionor will receive US\$3.00 per ounce gold mined for a minimum of 500,000 ounces to transfer title
- Monthly payments are hereby adjusted from US\$60,000 per month to US\$7,500 per month for the term of the option.

The property was written-off in fiscal 2007.

**4. Capital Assets**

	December 31, 2007		September 30, 2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Machinery	84,546	26,140	84,546	23,066
Vehicles	192,903	24,765	192,903	15,915
Furniture and fixtures	144,386	13,281	61,784	9,919
Various Equipment	204,272	39,203	120,955	30,515
Computer equipment	108,162	9,400	108,162	4,203
Milling equipment – under construction	3,470,250	-	660,631	-
	<b>4,204,519</b>	<b>112,789</b>	1,228,981	83,618
Net book value	<b>4,091,730</b>		1,145,363	

**Vena Resources Inc.**  
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**5. Capital Stock**

***Share Capital***

Vena is authorized to issue an unlimited number of common shares without par value. The issued and outstanding common shares consist of the following:

Balance at September 30, 2006	50,189,411	\$ 10,165,720
Private placement for cash consideration	20,000	10,000
Private placement \$1.40	13,499,231	18,898,924
Cash upon exercise of warrants	5,744,424	3,804,000
Cash upon exercise of options	1,565,000	965,250
Issuance of shares for property	220,007	165,685
Fair value assigned to warrants issued	-	(5,512,000)
Fair value assigned to warrants exercised	-	1,756,956
Fair value assigned to options exercised	-	747,230
Cost of share issuance	-	(1,592,982)
Balance at September 30, 2007	71,238,073	29,408,783
Cash upon exercise of options	60,000	34,000
Fair value assigned to options exercised	-	29,000
Balance at December 31, 2007	71,298,073	29,471,783

During the year ended September 30, 2007, the following private placements were completed:

Date of issuance	October 16, 2006	April 4, 2007	Total
Number of units issued	20,000	13,499,231	13,519,231
Gross proceeds of issue	\$ 10,000	\$ 18,898,924	\$ 18,908,924
Number of common shares	20,000	13,499,231	13,519,231
Number of common share purchase warrants	20,000	13,499,231	13,519,231
Exercise price per warrant	0.75	2.00	
Expiry date of warrant	Sept. 28, 2008	April 4, 2009	

Subsequent to December 31, 2007, the Company issued 350,000 common shares at US\$0.80 as payment for the Pucara Project.

**Vena Resources Inc.**  
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The expiry of the warrants issued under the April 2007 private placement may be accelerated by the company if the closing price of its common shares is greater than \$3.00 for twenty consecutive trading days, such that the accelerated expiry date shall then be on the twentieth business day following the company giving notice of the accelerated closing.

Under the terms of the April 2007 private placement the agent was paid a fee equal to 7% of the gross proceeds as well as broker warrants equal to 7% of the number of units sold, being 703,340 broker warrants issued. These broker warrants, with a Black-Scholes valuation of \$338,000 are exercisable at \$2.00 per broker share and expire 24 months from the closing date of the private placement.

***Warrants***

The following table summarizes the warrants outstanding as at December 31:

	<b>2008</b>	2007
Outstanding – beginning of period	<b>15,412,571</b>	7,072,674
Transactions during the period:		
Issued	-	14,222,571
Exercised	-	(5,744,424)
Expired	-	(138,250)
Outstanding – end of period	<b>15,412,571</b>	15,412,571

The following table summarizes the weighted average assumptions used with the Black-Scholes valuation model for the determination of the stock-based compensation for the warrants and broker warrants granted during the year ended September 30, 2007:

Number of warrants	14,222,571
Exercise price	2.00
Market price	.99
Expected volatility	108%
Risk-free interest rate	4.00%
Expected life (years)	2
Dividend yield	0
Fair value of warrants	<b>\$5,850,000</b>

**Vena Resources Inc.**  
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**Stock Options**

The Company established a stock option plan to provide additional incentive to its directors, officers, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. Vena has the following options outstanding as at December 31, 2007:

	2008		2007	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding - beginning of period	\$ 1.03	4,760,000	\$ 0.61	3,100,000
Transactions during the period:				
Granted	1.21	375,000	1.17	3,525,000
Exercised	0.57	(60,000)	0.62	(1,565,000)
Expired	-	-	0.50	(300,000)
Outstanding - end of period	\$ 0.96	5,075,000	\$ 1.03	4,760,000
<b>Options exercisable - end of period</b>	<b>\$ 0.96</b>	<b>5,075,000</b>	<b>\$ 1.03</b>	<b>4,760,000</b>

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the stock-based compensation for the stock options granted during the period ended December 31, 2007:

	October 5, 2007	October 30, 2007	October 31, 2007	Total
Number of options granted	100,000	200,000	75,000	375,000
Weighted average information				
Risk-free interest rate	4.20%	4.18%	4.17%	
Expected life	5 years	5 years	5 years	
Expected volatility	117%	116%	116%	
Expected dividends	0	0	0	
Stock-based compensation	\$96,000	\$205,000	\$77,000	\$ 378,000

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the stock-based compensation for the stock options granted during the year ended September 30, 2007:

	November 2006	April 2007	August 2007	September 2007	Total
Number of options granted	1,425,000	1,700,000	350,000	50,000	3,525,000
Weighted average information					
Risk-free interest rate	4.02%	4.15%	4.53%	4.27%	
Expected life	5 years	4.8 years	5 years	5 years	
Expected volatility	131%	124%	118%	117%	
Expected dividends	0	0	0	0	
Stock-based compensation	\$ 719,480	\$2,123,870	\$336,150	\$ 50,000	\$ 3,229,500
Recognition of stock-based compensation on fiscal 2006 options vesting in 2007					237,710
Stock-based compensation					\$ 3,467,210

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The weighted average remaining contractual life for outstanding options are as follows:

Price Range	2008		2007	
	Number of Options	Weighted Average Contractual Life	Number of Options	Weighted Average Contractual Life
\$0.40 - \$0.85	2,600,000	1.5 years	2,660,000	1.7 years
\$1.16 - \$1.60	2,475,000	1.3 years	2,100,000	2.0 years
	<b>5,075,000</b>	<b>2.8 years</b>	4,760,000	3.7 years

Subsequent to December 31, 2007, the Company granted 800,000 stock options. These options expire in 5 years with an exercise price range of \$0.56 and \$0.74.

**6. Contributed Surplus**

	2008	2007
Balance – beginning of period	10,703,129	3,890,105
Value assigned to:		
Stock options	378,000	3,467,210
Unexercised warrants	-	5,850,000
Fair value assigned to warrants exercised	-	(1,756,956)
Fair value assigned to options exercised	(29,000)	(747,230)
Balance – end of period	11,052,129	10,703,129

**7. Related Party Transactions**

For the period ended December 31, 2007, Vena incurred \$52,500 (2006 -\$45,000) and \$6,000 (2006 - \$15,000) in consulting and accounting fees respectively, with its directors, senior officers and/or companies to which the directors and/or officers are related. These expenses have been measured at their exchange value, being the amounts negotiated and agreed to by the parties to the transactions.

**8. Income taxes**

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes.

As at September 30, 2007, Vena had \$4,142,000 in non-capital loss carry-forwards for which no benefit has been recognized in the accounts. If these losses are not utilized, they will expire as follows:

Expiry Date	Amount
2014	\$ 54,000
2015	1,453,000
2026	1,210,000
2027	1,425,000
	<b>\$ 4,142,000</b>