

**TAWSHO MINING INC**  
**INTERIM FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2008**

**Unaudited, prepared by management.**

**TAWSHO MINING INC**  
**(A Development Stage Company)**  
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**AS AT MARCH 31, 2008**

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**NOTICE TO READER**

The accompanying unaudited interim financial statements have been prepared by the company's management and the company's independent auditors have not performed a review of these interim financial statements.

**TAWSHO MINING INC**  
**(A Development Stage Company)**  
**INTERIM BALANCE SHEET**

	<b>March 31</b>	December 31
	<b>2008</b>	2007
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 2,304,808	\$ 2,909,204
Cash held for share unit subscriptions (Note 4)	152,500	-
Cash reserved for exploration	-	394,502
Sundry receivables	64,419	48,331
Prepaid drilling expenses	100,000	-
	<b>2,621,727</b>	<b>3,352,037</b>
<b>Mining Assets</b>		
Interests in mining properties and deferred exploration expenditures (Statement and Note 5)	1,951,060	1,614,315
	<b>\$ 4,572,787</b>	<b>\$ 4,966,352</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 246,712	\$ 141,271
Mining acquisition payable	-	650,000
	<b>246,712</b>	<b>791,271</b>
<b>Future income taxes payable (Note 9)</b>	<b>134,908</b>	<b>-</b>
	<b>381,620</b>	<b>791,271</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital (Note 7)</b>	<b>3,419,644</b>	<b>3,554,552</b>
<b>Warrants (Note 8)</b>	<b>622,450</b>	<b>622,450</b>
<b>Share unit subscriptions (Note 4)</b>	<b>152,500</b>	<b>-</b>
<b>Deficit</b>	<b>(3,427)</b>	<b>(1,921)</b>
	<b>4,191,167</b>	<b>4,175,081</b>
	<b>\$ 4,572,787</b>	<b>\$ 4,966,352</b>

**TAWSHO MINING INC**  
**(A Development Stage Company)**  
**INTERIM STATEMENT OF OPERATIONS, COMPREHENSIVE INCOME AND DEFICIT**

	<b>Three Months ended March 31 2008 (Unaudited)</b>	<b>Year ended December 31 2007 (Audited)</b>
<b>INCOME</b>		
Interest	\$ 22,105	\$ 88,695
<b>EXPENSES</b>		
Professional fees	7,494	26,374
Office and general	1,031	8,741
Management fees	-	5,935
Property investigation	-	8,260
	<b>8,525</b>	<b>49,310</b>
<b>NET INCOME</b> before income taxes	<b>13,580</b>	<b>39,385</b>
Income taxes	1,158	12,076
<b>NET INCOME</b>	<b>12,422</b>	<b>27,309</b>
<b>COMPREHENSIVE INCOME</b>		
Comprehensive income changes for the period	-	-
<b>NET INCOME AND COMPREHENSIVE INCOME</b>	<b>12,422</b>	<b>27,309</b>
<b>SHARE ISSUE COSTS</b>	<b>(13,928)</b>	<b>(27,792)</b>
<b>DEFICIT, beginning of period</b>	<b>(1,921)</b>	<b>(1,438)</b>
<b>DEFICIT, end of period</b>	<b>\$ (3,427)</b>	<b>\$ (1,921)</b>
<b>EARNINGS PER COMMON SHARE:</b>		
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>		
Basic	17,307,003	14,537,969
Effect of dilutive warrants	7,773,501	6,433,573
Diluted weighted average number of shares outstanding	25,080,504	20,971,542
<b>BASIC EARNINGS PER COMMON SHARE</b>	<b>\$ 0.0007</b>	<b>\$ 0.0019</b>
<b>DILUTED EARNINGS PER COMMON SHARE</b>	<b>\$ 0.0005</b>	<b>\$ 0.0013</b>

**TAWSHO MINING INC**  
**(A Development Stage Company)**  
**INTERIM STATEMENT OF CASH FLOWS**

	<b>Three Months ended March 31 2008 (Unaudited)</b>	Year ended December 31 2007 (Audited)
<b>INTERIM CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Net income	\$ 12,422	\$ 27,309
Changes in non-cash operating assets and liabilities:		
Sundry receivables	(16,088)	(48,331)
Accounts payable and accrued liabilities	(6,985)	22,718
	<b>(10,651)</b>	1,696
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from private share placements, net of redemptions	-	4,156,602
Share issue costs	(6,039)	(23,997)
	<b>(6,039)</b>	4,132,605
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Interests in mining properties and deferred exploration expenditures	(882,208)	(850,995)
Prepaid drilling expenses	(100,000)	
Cash reserved for exploration	394,502	(394,502)
	<b>(587,706)</b>	(1,245,497)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>(604,396)</b>	2,888,804
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>2,909,204</b>	20,400
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$ 2,304,808</b>	<b>\$ 2,909,204</b>
<b>SUPPLEMENTAL INFORMATION</b>		
Changes in other non-cash assets and liabilities		
Mining property acquisition costs	\$ (648,959)	\$ 650,000
Mining deferred exploration costs	103,496	113,320
Share issue costs	7,889	3,795

**TAWSHO MINING INC**  
**(A Development Stage Company)**  
**INTERIM STATEMENT OF MINING PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES**  
**AS AT MARCH 31, 2008**

	Total	Chevrier	Total	Chevrier	Other
	Inception to March 31 2008 (Unaudited)	Three Months ended March 31 2008 (Unaudited)	Inception to December 31 2008 (Audited)	Year ended December 31 2007 (Audited)	Year ended December 31 2007 (Audited)
<b>Balance at December 31, 2006</b>	\$ -		\$ -	\$ -	-
<b>PROPERTY ACQUISITION COSTS</b>					
Acquisition, Chevrier		\$ -		1,400,000	
Legal fees		4,692		12,787	
Claims in surrounding area		3,776		35,736	
<b>Total Acquisition Costs</b>	<b>1,456,991</b>	<b>8,468</b>	<b>1,448,523</b>	<b>1,448,523</b>	<b>-</b>
<b>DEFERRED EXPLORATION COSTS</b>					
Management and administration		25,000		41,475	
Drilling		168,488		-	
Geological		18,191		23,827	
Geophysical		90,472		130,922	
Line cutting		27,284		-	
Travel and transport		-		10,515	
Property investigation					12,235
Balance before write-downs and tax credits		329,435		206,739	12,235
Write-downs during year					(8,260)
Mining tax credits		(1,158)		(44,247)	(675)
<b>Total Deferred Exploration Costs</b>	<b>494,069</b>	<b>328,277</b>	<b>165,792</b>	<b>162,492</b>	<b>3,300</b>
Balance at December 31, 2007			\$ 1,614,315	\$ 1,611,015	\$ 3,300
<b>Balance at March 31, 2008</b>	<b>\$ 1,951,060</b>	<b>\$ 336,745</b>			

**TAWSHO MINING INC**  
**(A Development Stage Company)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2008**

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**1. FINANCIAL INFORMATION**

The interim financial statements of Tawsho Mining Inc. (the "Corporation") have been prepared by management in accordance with Canadian generally accepted accounting principles, as they apply to development stage companies. The interim financial statements have been prepared following the same policies and computation methods as the audited financial statements for the fiscal years ended December 31, 2007 and 2006. The disclosures included below are incremental to those included in the annual audited financial statements. These interim financial statements should be read in conjunction with the most recent audited financial statements and accompanying notes for the fiscal years ended December 31, 2007 and 2006.

**2. NATURE OF THE CORPORATION**

The Corporation was incorporated in the Province of Ontario, Canada on November 28, 2006. On May 31, 2008 the Corporation registered articles of amalgamation in Ontario that effectively created a publicly listed company operating as Tawsho Mining Inc. (See Note 11)

The Corporation, which is in the exploration stage of development, with mineral property interests located in Quebec, is engaged in the acquisition, exploration and development of properties for the mining of precious and base metals. The Corporation is accounted for as a development stage company in accordance with accounting guidelines "AcG-11" of the Canadian Institute of Chartered Accountants ("CICA") Handbook. The Corporation is in the process of exploring its mining properties for mineral resources and has not determined whether the properties contain economically recoverable reserves.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Corporation to raise alternative financing, if necessary, or alternatively upon the Corporation's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Mining assets**

The Corporation records its mining assets, comprised of wholly owned mining properties, undivided interests in mining properties and deferred exploration expenses, at cost less certain recoveries. Exploration expenses are capitalized on the basis of specific mining property blocks or areas of geological interest until the mining assets to which they relate are placed into production, sold or allowed to lapse. Management reviews the carrying values of mining assets on a regular basis to determine whether any write-downs are necessary. These costs will be amortized over the estimated useful life of mining assets following commencement of production or written off if the mining assets or projects are sold or allowed to lapse. General exploration expenditures not related to specific mining assets are expensed as incurred.

The recoverability of amounts recorded under mining properties and deferred exploration expenses is dependent upon the discovery of economically recoverable reserves, the ability of the Corporation to obtain the financing needed to complete development, and future profitable production or proceeds from the disposal of these assets. The amounts shown for mining properties and deferred exploration expenses are not necessarily indicative of present or future values.

**Future income taxes**

The Corporation has adopted the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are based on temporary differences between financial statement income and taxable income, and, tax loss carry forwards. Future income tax method, future income tax assets and liabilities are calculated using enacted tax rates expected to apply in future years when temporary differences are expected to terminate and tax losses are utilized. The recognition of future income tax assets in the financial statements is limited to the amount that is more likely than not to be realized.

### **3. SIGNIFICANT ACCOUNTING POLICIES .....continued**

#### **Flow-through financing**

The Corporation has financed a portion of its exploration activities through the issue of flow-through share, which transfers the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to capital stock and the related exploration costs will be charged to mineral properties. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciation will give rise to future income taxes payable and will reduce share capital.

#### **Use of estimates**

The preparation of interim financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from estimates.

#### **Financial instruments**

The Corporation has adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530 "*Comprehensive Income*", Section 3855 "*Financial Instruments – Recognition and Measurement*" and Section 3861 "*Financial Instruments – Disclosure and Presentation*".

Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events and circumstances 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.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments and 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 using the effective interest method. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets and liabilities are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

Section 3861, establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. These revisions come into effect for fiscal years beginning on or after October 1, 2006.

#### **Capital Disclosures**

The Corporation follows Handbook Section 1535, "*Capital Disclosures*". This section establishes standards for disclosing information about a Corporation's capital and how it is managed in order that a user of the financial statements may evaluate the Corporation's objectives, policies and processes for managing capital.

#### **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.

### **4. CASH HELD FOR SHARE UNIT SUBSCRIPTIONS**

As at March 31, 2008 the Company held \$152,500 towards subscription funds for share and warrant issuances regarding its amalgamation with Jardincap Inc. ("Jardincap") (See Note 11)

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**5. MINING ASSETS**

**Chevrier Property**

During 2007, the Corporation acquired a 100% interest in 239 mining claims located in the townships of Queylus, Hauy and Fancamp, in the Province of Quebec through an agreement of sale and purchase with GeoNova Explorations Inc. ("GeoNova"). Some of these claims are subject to royalties on net profit interests and net smelter returns. The Corporation also acquired and continues to acquire 100% interest to numerous mining claims in areas adjacent and surrounding the GeoNova agreement properties.

**6. SHARE ISSUE COSTS**

During the quarter ended March 31, 2008 share issue costs of \$13,928 were incurred, comprising mainly of professional fees and regulatory filing costs in the issuance of flow-through shares and similar costs relating to the amalgamation with Jardincap. (See Note 11)

**7. SHARE CAPITAL**

**Authorized**

Unlimited Class A common shares  
 Unlimited Class B common shares

**Issued**

The following summarizes the issued and outstanding share capital as at March 31, 2008:

	<u>Shares</u>	<u>Amount</u>
<b><u>Class A common shares</u></b>		
Outstanding at December 31, 2007	17,307,003	\$ 3,554,552
Income tax benefits renounced in favour of flow-through shares (See Note 9)	-	(134,908)
Outstanding at March 31, 2008	<u>17,307,003</u>	<u>3,419,644</u>
<b><u>Class B common shares</u></b>		
Outstanding at December 31, 2007 and March 31, 2008	<u>-</u>	<u>-</u>
	<u>17,307,003</u>	<u>\$ 3,419,644</u>

**Stock Options**

The Corporation has authorized an option to a director, to purchase 1,000,000 Class A common shares of the Corporation, at such time when the Corporation puts in place a stock option plan and grants options thereunder, on terms and conditions as the board of directors shall decide at the time of issuance of the option.

**Amalgamation agreement**

The Corporation anticipates recapitalization and further issuances of share capital on amalgamation with Jardincap. (See Note 11)

**8. WARRANTS**

The warrants issued by the Corporation are subscription rights to Class A common shares.

The following table summarizes the components of issued and outstanding warrants as at March 31, 2008:

Subscription rights to	Class A common <i>Shares</i>	<b>Amount</b>	Exercise Price
Expiring: February 1, 2009	4,240,000	\$ 50,880	\$0.10
May 9, 2009	3,270,500	542,903	\$0.75
June 30, 2009	263,001	28,667	\$1.00
Outstanding at December 31, 2007 and March 31, 2008	<u>7,773,501</u>	<u>\$ 622,450</u>	

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**9. INCOME TAXES**

For accounting purposes, future income taxes of \$134,908 became payable on March 18, 2008 when the Corporation's exploration expenses were renounced in favour of their flow-through shareholders. Accordingly, a corresponding \$134,908 has reduced the previously reported value of proceeds from flow-through shares. The audited financial statements for the fiscal years ended December 31, 2007 and 2006 provide further information regarding the Corporation's future tax assets and liabilities and the reconciliation of financial statement income and taxable income.

**10. CONTINGENCIES**

**Environment**

The Corporation's exploration activities are subject to various laws and regulations governing environmental protection. These laws and regulations are continually changing and generally tend to impose increasing restrictions. The Corporation conducts its operations so as to provide adequate protection for public health and the environment.

**Canadian exploration expenses**

The Corporation is partly financed by the issuance of flow-through shares; however, there are no guarantees that the funds spent by the Corporation will qualify as Canadian exploration expenses, even if the Corporation has taken all the necessary measures for this purpose. The refusal of some expenses by the fiscal authorities would have a negative fiscal impact on investors and a deductible tax could be payable by the Corporation.

**11. SUBSEQUENT EVENTS**

On February 11, 2008, the Corporation entered into a letter agreement pursuant to which it proposed to amalgamate with Jardincap, a publicly listed capital pool company ("CPC"), subject to certain conditions, including regulatory and shareholder approval.

The amalgamation of Jardincap and the Corporation ("Amalco") would constitute Jardincap's Qualifying Transaction under TSX Venture Exchange Inc. ("Exchange") CPC policies, resulting in the listing of Amalco's common shares.

The terms of the amalgamation include the conversion of the Corporation's common shares and warrants outstanding on the basis of one old, for one new in Amalco. Jardincap will convert its common shares and options on the basis of three old, for one new in Amalco. The terms of the amalgamation also include a private placement by the Corporation to raise a minimum of \$2,000,000 and a maximum of \$4,000,000 by issuance of its common shares, warrants and flow-through common shares.

After amalgamation, based on a minimum financing of \$2,000,000, the shareholders of the Corporation will own approximately 96% of Amalco. The amalgamation anticipates Amalco electing a new board of directors and changing its name to Tawsho Mining Inc. The Qualifying Transaction is subject to regulatory and shareholder approval.

Effective May 31, 2008 the Corporation has completed the above amalgamation and has registered the articles of amalgamation accordingly. The new funding requirements still need to close and Exchange approval to reinstate listing is anticipated shortly under the symbol TAW.