

**VAULT MINERALS INC.**

**INTERIM FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 AND 2007**

**(Unaudited – Prepared by Management)**

The interim financial statements for the period ended September 30, 2008 have not been reviewed by the auditors of the Company.

	September 30 2008	December 31 2007
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 268,221	\$ 906,054
Receivables	21,004	17,668
Prepaid expenses	8,714	9,367
Marketable securities (Note 6)	<u>30,000</u>	<u>136,500</u>
	327,939	1,069,589
<b>Equipment (Note 7)</b>	34,355	41,740
<b>Mineral properties (Note 8)</b>	<u>2,271,542</u>	<u>2,459,669</u>
	<u>\$ 2,633,836</u>	<u>\$ 3,570,998</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 62,208	\$ 53,428
<b>Shareholders' equity</b>		
Share capital (Note 9)	10,500,709	10,758,609
Contributed surplus (Note 9)	1,162,734	902,083
Accumulated other comprehensive income	-	106,500
Deficit	<u>(9,091,815)</u>	<u>(8,249,622)</u>
	<u>2,571,628</u>	<u>3,517,570</u>
	<u>\$ 2,633,836</u>	<u>\$ 3,570,998</u>

Subsequent events (Note 15)

On behalf of the Board:

“Joseph D. Horne” Director

“Daniel J. McCormack” Director

**VAULT MINERALS INC.**
**INTERIM STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME, AND DEFICIT AND ACCUMULATED OTHER**
**COMPREHENSIVE INCOME - FOR THE PERIODS ENDED SEPTEMBER 30, 2008 AND 2007**

(Unaudited – Prepared by Management)

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	Three months ended Sept 30		Nine months ended Sept 30	
	2008	2007	2008	2007
<b>STATEMENT OF OPERATIONS</b>				
<b>Revenue</b>				
Project management fee (Note 8)	\$ 1,596	\$ 27,543	\$ 62,331	\$ 27,543
<b>Expenses</b>				
Advertising and promotion	1,773	4,983	10,512	14,771
Amortization	3,013	2,128	9,775	5,258
Business Development	31,997	-	96,635	-
Contract services	693	-	1,599	32
Director's fees (Note 11)	15,000	12,000	39,000	36,000
Investor relations	50	8,055	16,115	17,864
Listing and transfer agent fees	1,546	4,441	16,824	16,454
Management fees (Note 11)	22,500	22,500	67,500	52,500
Office and general	18,773	21,163	58,441	43,985
Professional fees	12,741	12,022	47,761	34,318
Stock-based compensation (Note 10)	88,572	63,139	260,651	182,303
Travel	2,630	2,661	5,391	8,997
Wages and benefits	10,884	13,938	33,681	43,502
<b>Total expenses</b>	<u>210,172</u>	<u>167,030</u>	<u>663,885</u>	<u>455,984</u>
<b>Loss before undernoted</b>	(208,576)	(139,487)	(601,554)	(428,441)
<b>Write-down of mineral properties (Note 8)</b>	-	-	(511,621)	-
<b>Gain on Sale of Asset</b>	<u>82</u>	<u>-</u>	<u>82</u>	<u>-</u>
<b>Loss before income taxes</b>	(208,494)	(139,487)	(1,113,093)	(428,441)
<b>Future income tax recovery (Note 13)</b>	<u>-</u>	<u>-</u>	<u>270,900</u>	<u>107,276</u>
<b>Loss for the period</b>	(208,494)	(139,487)	(842,193)	(321,165)
<b>Basic and diluted earnings (loss) per common share</b>	\$ (0.01)	\$ (0.00)	\$ (0.03)	\$ (0.00)
<b>Weighted average number of common shares outstanding</b>	29,542,760	28,584,426	29,537,204	28,076,093
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
<b>Loss for the period</b>	(208,494)	(139,487)	(842,193)	(321,165)
Unrealized (loss)/gain on available-for-sale securities	<u>(33,000)</u>	<u>(6,000)</u>	<u>(106,500)</u>	<u>39,000</u>
<b>Comprehensive loss for the period</b>	\$ (241,494)	\$ (145,487)	\$ (948,693)	\$ (282,165)
<b>STATEMENT OF DEFICIT AND ACCUMULATED OTHER COMPREHENSIVE INCOME</b>				
<b>Deficit, beginning of period</b>	(8,883,321)	(7,432,228)	(8,249,622)	(7,250,550)
Loss for the period	<u>(208,494)</u>	<u>(139,487)</u>	<u>(842,193)</u>	<u>(321,165)</u>
<b>Deficit, end of period</b>	\$ (9,091,815)	\$ (7,571,715)	\$ (9,091,815)	\$ (7,571,715)
<b>Accumulated other comprehensive income, beginning of period</b>	33,000	55,500	106,500	-
Transitional adjustment to opening balance	-	-	-	10,500
Unrealized loss on available-for-sale securities	<u>(33,000)</u>	<u>(6,000)</u>	<u>(106,500)</u>	<u>39,000</u>
<b>Accumulated other comprehensive income, end of period</b>	\$ -	\$ 49,500	\$ -	\$ 49,500

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

VAULT MINERALS INC.  
INTERIM STATEMENTS OF CASH FLOWS  
FOR THE PERIODS ENDED SEPTEMBER 30, 2008 and 2007  
(Unaudited – Prepared by Management)

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	Three months ended Sept 30		Nine months ended Sept 30	
	2008	2007	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income (loss) for the period	\$ (208,494)	\$ (139,487)	\$ (842,193)	\$ (321,165)
Items not affecting cash:				
Amortization	3,013	2,128	9,775	5,258
Stock-based compensation	88,572	63,139	260,651	182,303
Future income tax recovery	-	-	(270,900)	(107,276)
Write-down of mineral properties	-	-	511,621	-
Gain on sale of assets	(82)	-	(82)	-
Changes in non-cash working capital items:				
(Increase) decrease in accounts receivable	78,272	(325,268)	(3,336)	(173,489)
(Increase) decrease in prepaid expenses	(7,997)	(8,757)	653	(4,869)
Increase (decrease) in accounts payable and accrued liabilities	<u>12,115</u>	<u>(120,881)</u>	<u>8,780</u>	<u>11,761</u>
Cash flows provided (used) by operating activities	<u>(34,601)</u>	<u>(529,126)</u>	<u>(325,031)</u>	<u>(407,477)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital	-	-	-	795,000
Share issue costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,571)</u>
Cash flows provided by financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>722,429</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of capital assets	(1,485)	(16,289)	(3,158)	(18,923)
Sale of capital assets	850		850	
Mineral property acquisition	-	(41,831)	(51,597)	(61,831)
Deferred exploration costs	(70,483)	(125,748)	(842,136)	(444,870)
Recovery of deferred exploration expenditures (Note 8)	10,957	275,433	583,239	276,710
Option payment received	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows used in investing activities	<u>(60,161)</u>	<u>91,565</u>	<u>(312,802)</u>	<u>(248,914)</u>
<b>Change in cash during the period</b>	(94,762)	(437,561)	(637,833)	66,038
Cash, beginning of period	<u>362,983</u>	<u>1,059,032</u>	<u>906,054</u>	<u>555,433</u>
Cash, end of period	\$ 268,221	\$ 621,471	\$ 268,221	621,471
Cash paid for interest during the period	\$ -	\$ -	\$ -	\$ -
Cash paid for income taxes during the period	\$ -	\$ -	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 12)

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

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## 1. NATURE AND CONTINUANCE OF OPERATIONS

Vault Minerals Inc. ("the Company") is actively engaged in the acquisition and exploration of mineral properties. To date, the Company has not earned significant revenue.

The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from dispositions of such properties. Changes in future conditions could require material write-downs of the carrying amounts of mineral properties.

All amounts presented in the unaudited interim financial statements are in Canadian dollars unless otherwise specified.

The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), as applicable to a going concern which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The ability of the Company to continue operations is dependent upon obtaining the necessary financing to complete the development of a mineral property. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, as described in the following paragraph. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited interim financial statements.

The Company needs financing to fund the exploration and development of its properties and for working capital purposes. The Company's ability to continue as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). They do not include all the disclosures required by GAAP for annual financial statements and should be read in conjunction with the Company's financial statements and the notes for the year ended December 31, 2007. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements.

Except as disclosed below, these interim financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 2 to the Company's financial statements for the year ended December 31, 2007.

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.

### Capital Disclosures

Handbook 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 Company has included disclosures recommended by the new Handbook section in Note 3 to these unaudited interim financial statements.

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

### Financial Instruments

Handbook 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 has included disclosures recommended by the new Handbook section in Note 4 to these unaudited interim financial statements.

### Section 1400, General Standards of Financial Statement Presentation

This standard specifies requirements to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. The Company disclosure reflects this assessment.

## 3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently have an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2008. The Company is not subject to externally imposed capital requirements, other than the Working Capital requirements of the TSX Venture Exchange.

## 4. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to accounts receivable. Financial instruments included in accounts receivable consist of goods and services tax due from the Federal Government of Canada and receivables from joint venture partners. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is acceptable.

### Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2008, the Company had a cash balance of \$268,221 (December 31, 2007 - \$906,054) to settle current liabilities of \$62,208 (December 31, 2007 - \$53,428). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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#### 4. FINANCIAL RISK FACTORS (Cont'd...)

##### Market risk

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

##### *(a) Interest rate risk*

The Company has cash balances and no interest-bearing debt. Cash and cash equivalents are maintained with one financial institution. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal risk.

##### *(b) Foreign currency risk*

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is remote.

##### *(c) Price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

##### Sensitivity analysis

The Company has designated its cash as held-for-trading, which is measured at fair value. Marketable securities are classified as available-for-sale, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As of September 30, 2008, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent, with the exception of marketable securities.

Based on management's knowledge and experience of the financial markets, the Company believes a +/- 50% movement in the Canadian listed equity prices is possible over a twelve-month period, which would affect comprehensive income (loss) by \$15,000. The Company's investment in marketable securities is denominated in Canadian dollars. The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold and other metals. Gold and other metals have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of gold and other metals may be produced in the future, a profitable market will exist for them. A decline in the market price of gold and other metals may require the Company to write-down its mineral properties, which could have a material adverse effect on the Company's value. As of September 30, 2008, the Company is not a gold producer. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants.

5. FUTURE ACCOUNTING CHANGES

**Goodwill and Intangible Assets**

In October 2007, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its financial statements.

**Convergence with International Financial Reporting Standards ("IFRS")**

On February 13, 2008, the Canadian Accounting Standards Board confirmed that the transition to IFRS from Canadian GAAP will occur on January 1, 2011 for public entities. The impact of this transition on the Company's financial statements has not yet been determined; however, management continues to monitor these developments and the Chief Financial Officer has and continues to attend education courses regarding IFRS business issues and implementation strategies for mining companies.

6. MARKETABLE SECURITIES

Marketable securities consist of 300,000 common shares of Amador Gold Corp. received by the Company as an option payment valued at \$30,000. The Company designated its common shares of Amador Gold Corp. as available-for-sale financial assets.

The fair market value of the investment at September 30, 2008 is \$30,000 (2007 - \$79,500). The unrealized loss on the available-for-sale financial assets for the nine month period ended September 30, 2008 is \$106,500.

7. EQUIPMENT

	September 30, 2008			December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Equipment	\$ 60,562	\$ 26,207	\$ 34,355	\$ 58,819	\$ 17,079	\$ 41,740

8. MINERAL PROPERTIES

	<u>Incurred During the Nine Months Ended September 30</u>					
	Kirkland		Lebel		Total	
	2008	2007	2008	2007	2008	2007
<b>Acquisition costs</b>						
Balance, beginning of period	\$ 349,813	\$ 244,287	\$ 457,615	\$ 417,257	\$ 809,233 <sup>1</sup>	\$ 661,544
Additions during period	63,788	86,026	809	-	64,597	86,026
Option payments received	-	-	-	-	-	-
Balance, end of period	<u>413,601</u>	<u>330,313</u>	<u>458,424</u>	<u>417,257</u>	<u>873,830</u>	<u>747,570</u>
<b>Deferred exploration costs</b>						
Balance, beginning of period	<u>767,845</u>	<u>512,176</u>	<u>371,109</u>	<u>366,145</u>	<u>1,138,954</u>	<u>878,321</u>
Additions during period						
Drilling	-	72,016	603,582	193,853	603,582	265,869
Exploration & Geological Consulting	41,022	47,661	93,677	27,500	136,954 <sup>2</sup>	75,161
Overhead	2,064	2,283	10,657	5,346	12,721	7,629
Sample analysis	4,211	7,797	44,154	35,166	48,365	42,963
Supplies	3,447	2,273	9,798	1,832	13,245	4,105
Travel	-	3,364	12,308	524	12,308	3,888
Wages	<u>3,732</u>	<u>1,059</u>	<u>11,090</u>	<u>9,826</u>	<u>14,822</u>	<u>10,885</u>
	<u>54,476</u>	<u>136,453</u>	<u>785,266</u>	<u>274,047</u>	<u>841,997</u>	<u>410,500</u>
Recovery (Note 8)	-	-	(583,239)	(276,710)	(583,239)	(276,710)
Balance, end of period	<u>822,321</u>	<u>648,629</u>	<u>573,136</u>	<u>363,482</u>	<u>1,397,712</u>	<u>1,012,111</u>
<b>Total acquisition and deferred exploration costs</b>	<u>\$ 1,235,922</u>	<u>\$ 978,942</u>	<u>\$ 1,031,560</u>	<u>\$ 780,739</u>	<u>\$ 2,271,542</u>	<u>\$ 1,759,681</u>

Note 1: includes \$1,805 staking cost for property not related to other listed property groups.

Note 2: includes \$2,255 exploration/geological cost not related to other listed property groups.

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

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8. **MINERAL PROPERTIES (Cont'd...)**

**Kirkland Gold Property**

The Company holds a 100% interest to 18 staked mining claims and 9 patent claims in Teck Township, Kirkland Lake, Ontario.

It also has an option to acquire 100% interest in 4 additional, contiguous staked mining claims. Under the terms of the option agreement, the Company must:

- make a cash payment of \$15,000 and issue 100,000 common shares on or before December 31, 2008;
- make a cash payment of \$20,000 and issue 100,000 common shares on or before December 31, 2009; and
- issue 200,000 common shares on or before December 31, 2010.

On June 23, 2008, the Company entered into an additional option agreement to acquire a property consisting of eight leased mining claims. In accordance with the option agreement, the Company made a cash payment of \$50,000 and issued 50,000 shares with a value of \$13,000. The Company must also

- make a cash payment of \$50,000, issue 50,000 common shares and incur \$25,000 in exploration expenditures on or before June 27, 2009;
- make a cash payment of \$75,000, issue 50,000 common shares and incur a further \$25,000 in exploration expenditures on or before June 27, 2010;
- make a cash payment of \$100,000, issue 50,000 common shares and incur a further \$25,000 in exploration expenditures on or before June 27, 2011; and,
- make a final cash payment of \$200,000, issue 50,000 common shares and incur a further \$25,000 in exploration expenditures on or before June 27, 2012.

All claims are subject to production royalties of not greater than 2.5%.

**Lebel Gold Property**

The Company holds a 100% interest to 19 staked mining claims, 19 leased claims, 31 patent claims and 3 Licenses of Occupation in Lebel Township, near Kirkland Lake, Ontario. All but 6 of the claims are subject to net smelter return royalties ranging from 0.5% to 2%.

The Company has granted an optionee the right to earn an initial 60% interest in certain of the claims by, among other consideration received, incurring work expenditures of \$2,000,000 on or before May 26, 2009. To acquire an additional 10%, the optionee must commit to a feasibility study.

During the nine months ended September 30, 2008, the Company managed an approximately \$583,000 work program on behalf of the optionee and earned a 10% management fee.

**Write-Off of Mineral Property**

During the period ending September 30, 2008, the Company took a mineral property write-off of \$511,621 (2007 - nil), as a result of its decision to allow its Percy Lake VMS Property option agreement to expire.

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of Shares	Share Capital	Contributed Surplus
Authorized			
Unlimited number of common shares			
Issued			
As at December 31, 2006	26,176,093	\$ 9,799,858	\$ 642,101
Private placement	1,875,000	750,000	-
Property acquisitions	400,000	99,500	-
Exercise of warrants	650,000	214,500	-
Exercise of stock options	425,000	106,458	(42,707)
Stock-based compensation (Note 10)	-	-	270,829
Tax benefits renounced to flow-through share subscribers	-	(107,276)	-
Share issue costs	-	(104,431)	31,860
As at December 31, 2007	29,526,093	\$ 10,758,609	\$ 902,083
Property acquisitions	50,000	13,000	-
Stock-based compensation (Note 10)	-	-	260,651
Tax benefits renounced to flow-through share subscribers	-	(270,900)	-
As at September 30, 2008	29,576,093	\$ 10,500,709	\$ 1,162,734

On February 22, 2007, the Company issued 1,875,000 units at a price of \$0.40 per unit. Each unit consisted of one flow-through share and one common share purchase warrant. Each whole purchase warrant was convertible into one non-flow-through common share at an exercise price of \$0.60 until February 22, 2008. The Company paid a cash commission of 7% of the gross proceeds and issued 131,250 broker warrants to an agent, valued at a price of \$31,860, which were convertible to common shares at an exercise price of \$0.60 per warrant until February 22, 2008.

On May 9, 2007, the Company issued 100,000 common shares as consideration for mineral claims purchased as part of the Percy Lake Property, valued at \$21,000. On August 29, 2007, the Company issued 200,000 common shares as consideration for mineral claims purchased as part of the Kirkland Property, valued at \$46,000. On December 4, 2007, the Company issued 50,000 common shares as consideration for mineral claims purchased as part of the Lebel Property, valued at \$23,000. On December 11, 2007 the Company issued 50,000 common shares as consideration for mineral claims optioned as part of the Kirkland Property, valued at \$9,500.

During the year ended December 31, 2007, the Company issued 650,000 common shares as the result of the exercise of warrants at an exercise price of \$0.33 per common share.

During the year ended December 31, 2007, the Company issued a total of 425,000 common shares as the result of the exercise of stock options at an exercise price of \$0.15 per common share. The Black-Scholes value of the options exercised was \$42,707.

On June 27, 2008, the Company issued 50,000 common shares, valued at \$13,000, as consideration for mineral claims optioned as part of the Kirkland Gold Property,

## 10. STOCK OPTIONS AND WARRANTS

### Stock options

On June 28, 2007, the Company's shareholders approved an amendment to its stock option plan whereby the Company is authorized to grant options to directors, officers, employees and consultants, to acquire up to 5,600,000 common shares. Options can be granted for a maximum term of five years and will vest 12.5% upon TSX Venture Exchange approval and 12.5% every three months thereafter.

As at September 30, 2008, incentive stock options were outstanding, enabling the optionees to acquire the following number of common shares:

Expiry Date	Exercise Price	Number of Shares
July 25, 2010	\$0.15	700,000
July 6, 2011	\$0.25	1,000,000
May 1, 2012	\$0.35	350,000
September 24, 2012	\$0.35	300,000
October 15, 2012	\$0.45	500,000
June 26, 2013	\$0.35	825,000
		3,675,000

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Outstanding at December 31, 2006	2,550,000	\$ 0.21
Expired	(250,000)	0.25
Granted	1,150,000	0.39
Exercised	(425,000)	0.15
Outstanding at December 31, 2007	3,025,000	\$ 0.28
Expired	(175,000)	0.25
Granted	825,000	0.35
Outstanding at September 30 2008	3,675,000	\$ 0.30
Number of options currently exercisable, as at September 30, 2008	2,695,728	\$ 0.27

### Stock-based compensation

The Company granted 825,000 stock options during the nine months ended September 30, 2008. The total value of the options granted was \$263,398 and compensation costs of \$67,604 for vested options were recorded as contributed surplus on the balance sheet. In addition, the Company recorded compensation costs of \$193,047 relating to 1,000,000 options granted in 2006 and the 1,150,000 options granted in 2007, which vested during the nine months ended September 30, 2008.

The Company granted 650,000 stock options during the nine months ended September 30, 2007. The total value of the options granted was \$220,129 and compensation costs of \$52,260 for vested options were recorded as contributed surplus on the balance sheet. In addition, the Company recorded compensation costs of \$130,043 relating to the 825,000 options granted in 2005 and the 1,175,000 options granted in 2006, which vested during the nine months ended September 30, 2007.

10. STOCK OPTIONS AND WARRANTS (Cont'd...)

The weighted average fair value of stock options granted during the nine month ended September 30, 2008 was \$0.35 (2007 - \$0.35). The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the nine months ended September 30.

	2008	2007
Risk-free interest rate	4.62%	4.18%
Expected life of options	5.0 years	5.0 years
Annualized volatility	271%	279%
Dividend rate	0.00%	0.00%

**Warrants**

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2006	650,000	\$ 0.33
Granted	2,006,250	0.60
Exercised	(650,000)	0.33
Outstanding at December 31, 2007	2,006,250	\$ 0.60
Expired/cancelled	(2,006,250)	0.60
Balance September 30, 2008	-	-

11. RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2008, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$67,500 (2007 - \$52,500) to a director of the Company.
- b) Paid or accrued professional fees of \$13,500 (2007 - \$4,000) to a senior officer of the Company.
- c) Recorded stock-based compensation of \$260,651 (2007 - \$182,303) for services provided by directors, senior officers and consultants.
- d) Paid or accrued exploration consulting fees of \$67,500 (2007 - \$52,500) to a director of the Company.
- e) Paid or accrued overhead, rent and other deferred exploration costs of \$nil (2007 - \$9,500) to a company associated with two directors of the Company.
- f) Paid or accrued director's fees of \$39,000 (2007 - \$36,000) to five directors of the Company.
- g) Sold computer equipment for \$850 (net asset value of \$768) to a director of the Company.

These transactions were in the normal course of operations and were measured at the fair exchange value, which represented the amount of consideration established and agreed to by the related parties.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the nine months ended September 30, 2008 included:

- a) The renunciation of exploration expenditures, which resulted in a future tax benefit of \$270,900.
- b) The issuance of 50,000 common shares of the Company valued at \$13,000 pursuant to a property acquisition.

Significant non-cash transactions for the nine months ended September 30, 2007 included:

- a) The renunciation of exploration expenditures, which resulted in a future tax benefit of \$107,276.
- b) The issuance of 131,350 brokers warrants of the Company valued at \$31,860 as part of the commission fee relating to private placements.
- c) The issuance of 300,000 common shares of the Company valued at \$67,000 pursuant to property acquisitions.

13. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Nine Months Ended Sept 30, 2008	Year Ended Dec 31, 2007
Loss before income taxes	\$ (1,113,093)	\$ (1,106,348)
Expected income tax recovery	\$ (402,049)	\$ (399,613)
Stock-based compensation not deductible for tax purposes	94,147	97,823
Write off of mineral properties	184,798	178,281
Other items not deductible for income tax purposes	60,416	30,119
Unrecognized benefit of non-capital losses	(208,212)	(13,888)
Future income tax recovery	\$ (270,900)	\$ (107,276)

The significant components of the Company's future income tax assets (liabilities) are as follows:

	September 30 2008	December 31 2007
Future income tax assets:		
Non-capital loss carryforwards	\$ 872,474	\$ 809,787
Other assets	44,397	46,306
Unrealized gain on available-for sale securities	-	(19,234)
Resource expenditures	(50)	45,152
	916,821	882,011
Valuation allowance	(916,821)	(882,011)
Net future income tax assets	\$ -	\$ -

**13. INCOME TAXES (Cont'd...)**

The Company has non-capital losses carried forward of approximately \$2,415,000. Unless utilized, these losses will expire through 2018. Subject to certain restrictions, the Company also has resource expenditures of approximately \$2,271,000 available to reduce taxable income in future years. The benefits of these losses have not been recorded in these financial statements and have been offset by a valuation allowance.

During the year ended December 31, 2007, the Company issued 1,875,000 common shares on a flow-through basis for gross proceeds of \$750,000. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants. On February 13, 2008, the Company renounced exploration expenditures of \$750,000 resulting in \$270,900 of future income taxes charged against share capital in the year ending 2008. The Company has no remaining flow-through-related liabilities.

**14. SEGMENT INFORMATION**

The Company conducts substantially all of its operations in Canada in one industry segment, being the acquisition and exploration of mineral properties.

**15. SUBSEQUENT EVENTS**

On October 16, 2008, the Company issued 100,000 common shares, at a price of \$0.195, pursuant to a property purchase agreement.

On October 21, 2008, the Company issued 40,000 common shares, at a price of \$0.20, and paid \$12,000 pursuant to two property option agreements.

On November 17, 2008, the Company elected to append a claim to an existing option agreement, in consideration of \$45,000 to be received by the Company.

**VAULT MINERALS INC.**  
(the "Company" or "Vault")

Form 51-102F1

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

**Date**

The following discussion and analysis of the Company's financial condition and results of operations is for the nine months ended September 30, 2008 compared to the same period in the prior year. This information is current to November 25, 2008 and should be read in conjunction with the Company's unaudited financial statements for the nine months ended September 30, 2008, and with management's discussion and analysis and audited financial statements for the year ended December 31, 2007.

**Forward Looking Statements**

This management's discussion and analysis may contain certain forward looking statements relating, but not limited to, the Company's operations, anticipated financial performance, business prospects and strategies. Forward looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes. Such forward looking statements are subject to risks, uncertainties, and other factors, as identified under "Risk and Uncertainties" below, which could cause actual results to differ materially from future results expressed, projected or implied by such forward looking statements. Such factors include, but are not limited to, economic, competitive, regulatory and business conditions. The Company disclaims any responsibility to update any such forward looking statements.

**Description of Business**

The Company is engaged in the acquisition and exploration of mineral properties in Ontario that it believes contain mineralization that is, or will, in the future, be economically recoverable. It has not earned significant revenues.

**Going Concern**

The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), as applicable to a going concern which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The ability of the Company to continue operations is dependent upon obtaining the necessary financing to complete the development of a mineral property. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, as described in the following paragraph. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited interim financial statements.

The Company needs financing to fund the exploration and development of its properties and for working capital purposes. The Company's ability to continue as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

## Risks and Uncertainties

The Company is in the mineral exploration and development business and as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business, including fluctuations in metal prices and market sentiment, as well as the success or failure of its exploration and development programs that typically require many years to complete.

The maintenance of the Company's interests in its mineral properties during these years is primarily dependent upon: (i) the completion of exploration programs that satisfy mineral claim assessment work requirements, (ii) the payment of option payments on or before their due dates and (iii) the timely payment of mineral property taxes.

The only sources of future funds presently available to the Company for the retention of existing properties as well as for further property acquisitions and exploration programs and, if such exploration programs are successful, for the development of discovered economic mineral deposits, are from the sale of equity capital or through the sale or option of its properties to parties willing to acquire ownership interests for cash, marketable securities or for exploration and development expenditures. Although the Company has previously been successful in accessing the equity markets, there is no assurance that such sources of financing will be available to the Company in the future. Similarly, there is no assurance that the Company will be able to option any of its exploration properties.

The outcome of exploration for minerals is inherently uncertain, even when conducted by highly regarded professionals diligently applying wide experience and extensive knowledge to well funded exploration programs on promising properties. While the Company believes its properties have potential for the discovery of economic mineral deposits, no amount of exploration may be able to detect them, or the amount of exploration and time required to find these possible economic mineral deposits may be prohibitive. Alternatively, the Company may have applied the critical exploration methodology for the discovery of these economic mineral deposits or the properties may not, in fact, contain any economical mineral deposits at all.

The Company's exploration activities are, from time to time, subject to federal, provincial, regional, municipal and other local laws and regulations governing environmental protection, land access and workplace safety. Such laws and regulations are subject to constant change or may be more stringently interpreted and implemented from time to time. Failure to comply with such laws and regulations can result in injunctions, damages, suspensions or revocations of permits and imposition of fines potentially adversely affecting the Company's financial condition. Changes in land use designation, such as the creation of parks and other protected areas, may occur and could prevent any further exploration or development of the Company's properties.

## Involvement in Mineral Properties

On a quarterly basis, Management of the Company reviews exploration costs to ensure deferred expenditures include only costs and projects that are eligible for capitalization.

For a description of the mineral properties owned by the Company refer to Note 8 of the interim financial statements for the period ended September 30, 2008. In the nine months ending September 30, 2008, the Company has decided not to move forward with any further exploration work on its Percy Lake VMS Property and as such, has determined to write off the entire carrying value (\$511,621) of the property.

## Results of Operations

The Company's working capital decreased from a working capital position of \$1,016,161 on December 31, 2007 to a working capital position of \$265,731 on September 30, 2008.

Cash investment in mineral properties totaled \$893,733 during the period, compared to \$506,701 during the same period in 2007. The Company received a recovery of deferred exploration costs of \$583,239 (2007 - \$276,710).

The Company incurred a loss (before income taxes) of \$1,113,039 for the nine month period, compared to a loss of \$428,441 for the same period in the prior year. The increased period-over-period loss was primarily due to a \$511,621 one-time write-off of the Percy Lake VMS Property. Other cost increases that contributed to the higher loss were business development costs of \$96,635 (2007 - \$nil), stock-based compensation \$260,651 (2007 - \$182,303), office and general costs of \$58,441 (2007 - \$43,985) and management fees \$67,500 (2007 - \$52,500).

## Results of Operations (Cont'd...)

The Company does not have ongoing operating revenues. During the nine months ending September 30, 2008, the Company earned a management fee, in the amount of \$62,331 (2007 - \$27,543), relating to acting as Operator on the Lebel Gold Project exploration program. The Company expects to continue to rely upon equity financing as a significant source of funding.

On February 22, 2007, the Company raised \$750,000 through the issuance of 1,875,000 flow-through units at a price of \$0.40 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant was convertible into one non-flow-through share at a price of \$0.60 until February 22, 2008. A cash commission equal to 7% of the total raised was paid to an agent. In addition, the agent received 131,250 broker warrants, exercisable at a price of \$0.60 per common share until February 22, 2008. All warrants associated with this financing expired unexercised on February 22, 2008.

## Summary of Quarterly Results

The following table summarizes the Company's operating results for each of the eight most recently completed quarters:

<u>Quarter</u>	<u>Revenue(\$)</u>	<u>Net Loss and Net Loss From Continuing Operations (\$)</u>	<u>Net Income (Loss) Per Share and Net Income (Loss) Per Share From Continuing Operations (\$)</u>
Q 3-08	1,596	(208,576)	(0.01)
Q 2-08	24,101	(220,874)	(0.01)
Q 1-08	36,634	(412,825)	(0.01)
Q 4-07	1,316	(677,907)	(0.02)
Q 3-07	27,543	(139,487)	0.00
Q 2-07	Nil	(148,698)	0.00
Q 1-07	Nil	(32,980)	0.00
Q 4-06	1,491	(128,252)	0.00

## Liquidity

The financial statements of the Company have been prepared in accordance with Canadian GAAP with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The activities of the Company, principally the acquisition and exploration of mineral properties, are financed through the completion of equity financings.

At September 30, 2008, the Company's working capital is \$265,731. All of the Company's flow-through obligations have been met.

The Company's continued existence is dependent upon its ability to secure financing necessary to meet its obligations, finance development expenditures and to obtain profitable operations. The outcome of these matters cannot be predicted at this time.

During the last year, and particularly during fall 2008, the global economic circumstances for junior explorers and the commodities for which they explore has changed dramatically. Commodity prices are lower and capital for mineral exploration is difficult to obtain. During this period of challenge, the Company will seek to encourage others to participate in the exploration of the Company's properties through earn-in joint venture arrangements or other advantageous option arrangements. Through this effort we seek to pass on the exploration costs to interested parties in return for an interest in those properties.

## Capital Resources

Capital resources available to the Company are equity financings, including private placements, and exercise of warrants and stock options. In the current global market, equity financing is very unpredictable. The Company has no commitments for capital expenditures as of the date of the interim financial statements.

The Company must make the following option payments, incur the following exploration expenditures and issue the following common shares of Vault to maintain their mineral properties in good standing:

<i>Year</i>	<i>Option Payments</i>	<i>Exploration Expenditures</i>	<i>Share Issuance</i>
2008	\$15,000	Nil	100,000
2009	\$70,000	25,000	150,000
2010	\$75,000	25,000	250,000
2011	\$100,000	25,000	50,000
2012	\$200,000	25,000	50,000
	<u>\$460,000</u>	<u>100,000</u>	<u>600,000</u>

## Related Party Transactions

During the nine months ended September 30, 2008, the Company entered into the following transactions with related parties:

- Paid or accrued management fees of \$67,500 (2007 - \$52,500) to a director of the Company.
- Paid or accrued professional fees of \$13,500 (2007 - \$4,000) to a senior officer of the Company.
- Recorded stock-based compensation of \$260,651 (2007 - \$182,303) for services provided by directors, senior officers and consultants.
- Paid or accrued exploration consulting fees of \$67,500 (2007 - \$52,500) to a director of the Company.
- Paid or accrued overhead, rent and other deferred exploration costs of \$nil (2007 - \$9,500) to a company associated with two directors of the Company.
- Paid or accrued director's fees of \$39,000 (2007 - \$36,000) to five directors of the Company.
- Sold computer equipment for \$850 (net asset value of \$768) to a director of the Company.

These transactions were in the normal course of operations and were measured at the fair exchange value, which represented the amount of consideration established and agreed to by the related parties.

## Disclosure of Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares. As of September 30, 2008, the Company had 29,576,093 (2007 - 28,651,093) common shares outstanding. As of the date of this report, the Company has 29,716,093 shares outstanding.

The Company has the following stock options outstanding as of November 25, 2008:

<i>Grant Date</i>	<i>No. of Shares</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
July 25, 2005	700,000	\$0.15	July 25, 2010
July 6, 2006	1,000,000	\$0.25	July 6, 2011
May 1, 2007	350,000	\$0.35	May 1, 2012
September 24, 2007	300,000	\$0.35	September 24, 2012
October 15, 2007	500,000	\$0.45	October 15, 2012
June 26, 2008	825,000	\$0.35	June 26, 2013
Total	3,675,000		

Options granted vest at 12.5% upon TSX Venture Exchange approval and 12.5% every three months thereafter. The number of stock options exercisable at September 30, 2008 was 2,695,728. The stock options currently exercisable are 2,847,147.

The 2,006,250 share purchase warrants with an exercise price of \$0.60 per share outstanding on December 31, 2007 expired unexercised on February 22, 2008.

## Off Balance Sheet Arrangements

There are no off balance sheet arrangements.

## Proposed Transactions

To the best of Management's knowledge, there are no pending transactions that will materially affect the performance or operation of the Company.

## Critical Accounting Estimates

The Company utilizes two critical accounting estimates in the preparation of the interim financial statements. These estimates are: (i) the estimate of recoverable value on its mineral properties, and (ii) the value of stock-based compensation. Both of these estimates involve considerable judgement and are, or could be affected by significant factors that are, out of the Company's control.

The amounts shown for the mineral properties represents costs to date that are expected to be recovered in the future. The Company's recoverability evaluations is based on the market conditions for minerals, current explorations results, project economics and management's assessment of the future probability of positive cash flow from the property through production or from its ultimate disposition. The Company operates in an industry that is exposed to a number of risk and uncertainties including exploration and development risk, mineral price risk, as well as the risk that future financing to fund the exploration programs do not materialize.

The assumptions affecting stock-based compensation are outlined in the Financial Statements Note 10. Option-based pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company.

## Changes in Accounting Policies

### Capital Disclosure and Financial Instruments – Disclosure and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.

#### a) Capital Disclosures

Handbook 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 Company has included disclosures recommended by the new Handbook section in Note 3 of the unaudited interim financial statements.

#### b) Financial Instruments

Handbook 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 has included disclosures recommended by the new Handbook section in Note 4 of the unaudited interim financial statements.

## Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently have an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended September 30, 2008. The Company is not subject to externally imposed capital requirements, other than the Working Capital requirements of the TSX Venture Exchange.

## Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to accounts receivable. Financial instruments included in accounts receivable consist of goods and services tax due from the Federal Government of Canada and receivables from joint venture partners. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is acceptable.

### Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2008, the Company had a cash balance of \$268,221 (December 31, 2007 - \$906,054) to settle current liabilities of \$62,208 (December 31, 2007 - \$53,428). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company's existence is dependent upon its ability to secure financing necessary to meet its obligations, finance development expenditures and to obtain profitable operations. The outcome of these matters cannot be predicted at this time.

### Market risk

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

#### *(a) Interest rate risk*

The Company has cash balances and no interest-bearing debt. Cash and cash equivalents are maintained with one financial institution. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal risk.

#### *(b) Foreign currency risk*

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is remote.

#### *(c) Price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## Financial Risk Factors (Cont'd...)

### Sensitivity analysis

The Company has designated its cash as held-for-trading, which is measured at fair value. Marketable securities are classified as available-for-sale, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As of September 30, 2008, both the carrying and fair value amounts of the Company's financial instruments are the same with the exception of marketable securities.

Based on management's knowledge and experience of the financial markets, the Company believes a +/- 50% movement in the Canadian listed equity prices is possible over a twelve-month period, which would affect comprehensive income (loss) by \$15,000. The Company's investment in marketable securities is denominated in Canadian dollars. The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

## Future Accounting Changes

### Goodwill and Intangible Assets

In October 2007, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its financial statements.

### Convergence with International Financial Reporting Standards ("IFRS")

On February 13, 2008, the Canadian Accounting Standards Board confirmed that the transition to IFRS from Canadian GAAP will occur on January 1, 2011 for public entities. The impact of this transition on the Company's financial statements has not yet been determined; however, management continues to monitor these developments and the Chief Financial Officer has, and continues to attend education courses regarding IFRS business issues and implementation strategies for mining companies.

## Disclosure Controls and Procedures

As at November 25, 2008, the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have evaluated the effectiveness of Vault's disclosure controls and procedures and have concluded that such disclosure controls and procedures are effective, except as noted below.

## Internal Control over Financial Reporting

The CEO and the CFO are responsible for designing internal control over financial reporting or causing it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Canadian GAAP.

Management identified a number of deficiencies in the current financial reporting processes and internal controls relating to a lack of segregation of duties. The lack of segregation of duties is inherent in most junior mining exploration companies. Limited financial resources and limited personnel resources cause inadequate segregation of critical duties within each of the accounting processes but the Company has instituted reasonable monitoring controls over these processes to mitigate the risk of human error or fraud. The responsibilities assigned to the CFO include booking adjusting journal entries, preparation of financial statements and MD&A and processing payroll. The responsibilities of the bookkeeper include maintaining the vendor master file, processing payables, creating and voiding cheques, reconciling bank accounts, making bank deposits, and booking journal entries.

## **Other Requirements**

Additional information on the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.vaultminerals.com](http://www.vaultminerals.com).

## **Additional Disclosure for Venture Issuers without Significant Revenue**

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's Statements of Operations and Deficit and Note 8 to its financial statements.

## **Approval of MD&A**

The Board of Directors of the Company has reviewed and approved the disclosure contained in this interim MD&A. The technical content of this annual MD&A has been reviewed and approved for disclosure by Daniel McCormack, PGeo, who serves as qualified person for the purposes of National Instrument 43-101 Standards of Disclosure for Mineral Projects.