

Consolidated Financial Statements of

MONROE MINERALS INC.

Six months ended June 30, 2008
(Unaudited)

Notice - These interim consolidated financial statements have not been reviewed by an auditor.

MONROE MINERALS INC.

Consolidated Balance Sheets - Unaudited

	June 30 2008	December 31 2007
Assets		
Current assets:		
Cash	\$ 2,380,753	\$ 2,147,152
Accounts receivable	28,192	13,352
Inventory	-	2,862
Prepaid expenses and other	20,661	49,790
	2,429,606	2,213,156
Mineral interests (Note 2)	72,500	125,777
	\$ 2,502,106	\$ 2,338,933
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 282,387	\$ 121,392
Current portion of long term debt (Note 3)	-	221,785
	282,387	343,177
Long term debt (Note 3)	-	221,785
Amount due to related party (Note 3)	220,000	220,000
	502,387	784,962
Shareholders' equity:		
Share capital (Note 4)	9,435,791	9,816,363
Warrants (Note 4)	716,200	734,200
Contributed surplus (Note 4)	1,340,863	1,207,433
Deficit	(9,493,135)	(10,204,025)
	1,999,719	1,553,971
	\$ 2,502,106	\$ 2,338,933

See accompanying notes

On behalf of the Board

"Derek J. Moran"
Derek J. Moran
Director

"Peter T. Farkas"
Peter T. Farkas
Director

MONROE MINERALS INC.

Consolidated Statements of Loss and Deficit - Unaudited

	Three months ended		Six months ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Expenses:				
Project development	\$ 136,924	\$ 11,019	\$ 172,079	\$ 15,863
Amortization	878	6,302	1,880	13,293
General and administrative	282,179	275,259	661,514	519,584
Interest income	(9,907)	(1,094)	(20,648)	(2,460)
Interest on long term debt	8,013	11,367	15,857	23,155
Foreign exchange loss	5,552	7,238	29,206	9,916
Loss before the following:	423,639	310,091	859,888	579,351
Gain on disposal of subsidiary (Note 2)	1,160,778	-	1,160,778	-
Future income tax recovery (Note 7)	-	-	410,000	-
Income (loss) for the period	737,139	(310,091)	710,890	(579,351)
Deficit, beginning of period	(10,230,274)	(8,283,890)	(10,204,025)	(8,014,630)
Deficit, end of period	\$ (9,493,135)	\$ (8,593,981)	\$ (9,493,135)	\$ (8,593,981)
Income (loss) per share - basic and diluted	\$ 0.01	\$ 0.00	\$ 0.01	\$ (0.01)

See accompanying notes

MONROE MINERALS INC.

Consolidated Statements of Cash Flow - Unaudited

	Three months ended		Six months ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Cash flows from (used by) operating activities:				
Income (loss) for the period	\$ 737,139	\$ (310,091)	\$ 710,890	\$ (579,351)
Add (deduct) non-cash items				
Amortization	878	6,302	1,880	13,293
Unrealized foreign exchange (gain) loss	(5,360)	(4,756)	13,302	(5,506)
Stock based compensation	52,017	35,525	115,430	71,050
Gain on disposal of subsidiary	(1,160,778)	-	(1,160,778)	-
Future income tax recovery	-	-	(410,000)	-
Change in non-cash working capital	39,918	50,255	87,944	16,400
	(336,186)	(222,765)	(641,332)	(484,114)
Cash flows from (used by) financing activities:				
Shares issued for cash	-	866,000	30,000	866,000
Warrants issued for cash	-	141,000	-	141,000
Repayment of long term debt	(456,278)	(11,806)	(456,278)	(11,806)
Repayment of amount due to related party	-	(10,000)	-	(170,000)
Share issue costs	-	(121,865)	(572)	(121,865)
Change in non-cash working capital	(459)	10,120	(20,557)	27,434
	(456,737)	873,449	(447,407)	730,763
Cash flows from (used by) investing activities:				
Mineral interests expenditures	-	(67,720)	(30,000)	(137,944)
Proceeds on disposal of subsidiary	1,357,655	-	1,357,655	-
Change in non-cash working capital	1,450	10,161	(5,315)	9,375
	1,359,105	(57,559)	1,322,340	(128,569)
Net decrease in cash	566,182	593,125	233,601	118,080
Cash at beginning of period	1,814,571	(67,656)	2,147,152	407,389
Cash at end of period	\$ 2,380,753	\$ 525,469	\$ 2,380,753	\$ 525,469
Supplemental cash flow information:				
Interest paid	\$ 8,014	\$ 11,806	\$ 16,451	\$ 11,806

See accompanying notes

MONROE MINERALS INC.

Notes to Consolidated Financial Statements

June 30, 2008 - Unaudited

Monroe Minerals Inc. (the 'Company') is incorporated under the laws of Alberta. The Company's principal business is the acquisition, exploration and development of uranium resource properties.

1. Basis of presentation and significant accounting policies:

The unaudited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in Canada, and follow the same accounting principles and methods of application as those disclosed in Note 1 to the Company's audited consolidated financial statements for the year ended December 31, 2007. These financial statements do not include all disclosures required by Canadian generally accepted accounting principles ("GAAP") for annual financial statements and, accordingly, should be read in conjunction with the Company's consolidated financial statements included in the 2007 Annual Report.

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from those estimates.

The Company's ability to continue operations is dependent upon the Company's success in developing commercial mineral interests and obtaining funds to continue their development and attaining profitability. These financial statements have been prepared on the basis that the Company will continue to raise sufficient financing and to realize its assets and discharge its obligations in the ordinary course of business and do not reflect adjustments that would otherwise be necessary if the going concern assumption was not valid.

As disclosed in the December 31, 2007 annual audited consolidated financial statements, on January 1, 2008 the Company adopted the following accounting standards:

'Capital Disclosures' requires the Company to disclose its objectives, policies and processes for managing its capital structure (Note 5).

'Financial Instruments - Presentation' and 'Financial Instruments - Disclosures' increase the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed (Note 6). The new presentation standards carry forward the former presentation requirements.

'Inventories' replaces the previous inventories standard and requires inventory to be valued on a first-in, first-out or weighted average basis. The new standard allows the reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories. The adoption of this standard has had no material impact on the Company's consolidated financial statements.

The Company has not completed development of its International Financial Reporting Standards ('IFRS') changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS exemptions. The Company expects to complete its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities, such as financing and compensation arrangements, by the end of 2008.

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Notes to Consolidated Financial Statements

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2. Mineral interests:

June 30, 2008	Cost	Accumulated depletion, amortization and write downs	Net
Alexis River, Canada	\$ 42,500	\$ -	\$ 42,500
Boxey Point, Canada	24,000	-	24,000
Berry Hill, Canada	6,000	-	6,000
Cangandala, Angola	337,353	337,353	-
Skaapkop, South Africa	-	-	-
London, South Africa	-	-	-
Mining, processing and office equipment	4,891	4,891	-
Total	\$ 414,744	\$ 342,244	\$ 72,500
December 31, 2007			
Alexis River, Canada	\$ 42,500	\$ -	\$ 42,500
Cangandala, Angola	337,353	337,353	-
Skaapkop, South Africa	65,754	-	65,754
London, South Africa	2,150,450	2,150,450	-
Mining, processing and office equipment	185,459	167,936	17,523
Total	\$ 2,781,516	\$ 2,655,739	\$ 125,777

Mineral interests under development totalling \$72,500 (December 31, 2007 - \$108,254) are not subject to depletion and amortization.

The Company completed the sale of its South African subsidiary, Monroe Mining (Pty) Limited ('Monroe SA') effective June 30, 2008, for cash proceeds of US\$1,350,000. The terms of the agreement include a carried equity interest of 10% in any projects that develop from the intellectual database of Monroe SA. The completion of the transaction is subject to regulatory approval, which, in the case of South Africa, may take an uncertain length of time.

3. Long term debt and amount due to related party:

	June 30 2008	December 31 2007
Loan, denominated in sterling in the amount of £226,149, bearing interest at 7% per annum, with no repayment terms and secured by a charge on the income from the London, South Africa mineral interests, due to an entity controlled by the Company's largest shareholder.	\$ -	\$ 443,570
Less current portion	-	(221,785)
	\$ -	\$ 221,785

Long term debt was secured by a charge on the assets on Monroe SA. It was a requirement of the sale of Monroe SA that this be discharged and, accordingly, long term debt was repaid at the time of closing the sale.

The amount due to related party of \$220,000 (December 31, 2007 - \$220,000) is in respect of unpaid salary to the President of the Company, is unsecured, has no repayment terms and bears no interest. The President has agreed not to demand repayment of the balance before October 2009.

The Company is also indebted to its President in the amount of \$39,812 (December 31, 2007 - \$9,572), included in accounts payable and accrued liabilities, in respect of expenses incurred on its behalf.

The above transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to as approximating fair value by the transacting parties.

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Notes to Consolidated Financial Statements June 30, 2008 - Unaudited

4. Share capital and other (continued):

Authorized:

Unlimited number of common shares without nominal or par value.

Unlimited number of preferred shares in one or more series.

Common shares issued:	Number	Amount
Balance, December 31, 2006	70,162,194	\$ 7,089,078
Issued for cash in private placements	29,463,298	1,834,598
Issued for cash on a flow-through basis in a private placement	21,844,531	1,338,340
Issued for property in a private placement	500,000	42,500
Share issue costs	-	(488,153)
Balance, December 31, 2007	121,970,023	9,816,363
Issued for property in a private placement	500,000	30,000
Future income tax liability arising from tax benefits renounced on flow-through shares	-	(410,000)
Share issue costs	-	(572)
Balance, June 30, 2008	122,470,023	\$ 9,435,791

Warrants issued:	Number	Amount
Balance, December 31, 2006	18,556,038	\$ 762,000
Issued for cash in private placements	24,428,298	336,000
Issued for cash on a flow-through basis in a private placement	21,844,531	300,000
Finder's warrants and options issued	3,695,949	98,200
Expired	(18,556,038)	(762,000)
Balance, December 31, 2007	49,968,778	\$ 734,200
Expired	(601,600)	(18,000)
Balance, June 30, 2008	49,367,178	\$ 716,200

Contributed surplus:	Amount
Balance, December 31, 2006	\$ 269,008
Stock based compensation	176,425
Warrants expired	762,000
Balance, December 31, 2007	1,207,433
Stock based compensation	115,430
Warrants expired	18,000
Balance, June 30, 2008	\$ 1,340,863

Stock options and warrants:

	Number outstanding	Weighted average exercise price	Number exercisable	Weighted average exercise price	Grant date	Expiry date
Incentive stock plan options						
Employees/directors	9,010,000	\$0.13	4,958,750	\$0.14	Feb 2004 - Nov 2007	Feb 2009 - Nov 2012
Consultants	1,350,000	0.20	883,332	0.20	Sep 2006 - Apr 2007	Sep 2010 - Apr 2012
Total	10,360,000	\$0.14	5,842,082	\$0.15		
Other options						
Finder's options	3,094,349	0.08	3,094,349	0.08	Nov 2007	Nov 2009
Total	3,094,349	\$0.08	3,094,349	\$0.08		
Warrants						
Common share warrants	24,428,298	\$0.11	24,428,298	\$0.11	Apr 2007 - Nov 2007	Oct 2008 - Nov 2009
Flow-through share warrants	21,844,531	0.12	21,844,531	0.12	Nov 2007	Nov 2009
Total	46,272,829	\$0.11	46,272,829	\$0.11		

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4. Share capital and other (continued):

Stock options and warrants (continued):

	June 30, 2008		December 31, 2007	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Incentive stock plan options				
Outstanding at beginning of period	10,360,000	\$0.14	7,655,000	\$0.16
Granted	-	-	3,885,000	0.13
Expired	-	-	(1,180,000)	0.25
Outstanding at end of period	10,360,000	\$0.14	10,360,000	\$0.14
Exercisable at end of period	5,842,082	\$0.15	5,425,416	\$0.15
Other options and finder's warrants				
Outstanding at beginning of period	4,195,949	\$0.11	500,000	\$0.30
Finder's warrants issued	-	-	601,600	0.10
Finder's options issued	-	-	3,094,349	0.08
Expired	(1,101,600)	0.19	-	-
Outstanding and exercisable at end of period	3,094,349	\$0.08	4,195,949	\$0.11
Warrants				
Outstanding at beginning of period	46,272,829	\$0.11	19,501,188	\$0.20
Common share warrants issued pursuant to private placements	-	-	24,428,298	0.11
placement	-	-	21,844,531	0.12
Warrants expired	-	-	(19,501,188)	0.20
Outstanding and exercisable at end of period	46,272,829	\$0.11	46,272,829	\$0.11

5. Capital management:

The Company's capital structure reflects its strategy and the financial environment in which it operates. The objectives when managing capital are to maintain adequate levels of funding to support the acquisition, exploration and development of uranium resource properties, to maintain the necessary corporate and administrative functions to facilitate these activities, and to safeguard the Company's ability to continue as a going concern.

The Company's current portfolio of properties is in the exploration stage and the Company is dependent primarily on external equity financing to fund its activities. There can be no assurance that the Company will be able to raise capital in this manner in the future. The Company will utilize its existing working capital, and raise additional amounts as required, to carry out planned exploration and to fund administrative costs. The Company will continue to assess new properties and to seek to acquire interests in additional properties if it believes sufficient economic potential exists and it has adequate financial resources to do so.

There was no change in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

6. Financial risk factors:

The types of risk exposure, their potential impact on financial instruments, and the manner in which risk is managed, are summarized hereunder.

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6. Financial risk factors (continued):

Credit risk

The Company does not engage in any sales activities and has no significant credit risk arising from operations. The Company's receivables largely comprise refunds of sales taxes due from the national government of Canada and management believes that there is no significant concentration of credit risk.

Liquidity risk

Financial liquidity represents the Company's ability to fund future activities and obligations as and when required. The Company endeavours to ensure that it has sufficient capital to meet short term business requirements. As at June 30, 2008, the Company had a cash balance of \$2,380,753 to meet current obligations of \$282,387.

Market risk

a) Interest rate risk

The Company invests its cash balances in short term treasury accounts with the Bank of Nova Scotia, which yielded an average interest rate of 2.75% in the six months ended June 30, 2008. Long term debt bears a fixed rate of interest at 7%, and is expected to be repaid upon completion of the sale of the diamond division (Note 9).

b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management considers that the foreign exchange risk derived from operational currency conversions is not significant and it is unnecessary to hedge this risk.

c) Price risk

The Company is a development stage company and has no production or sales revenues. Accordingly, it is not exposed to price risk with respect to commodity prices.

7. Income taxes:

The income tax provision differs from the amount which would be obtained by applying the Canadian expected tax rates as follows:

	June 30 2008	December 31 2007
Income tax rate	29.5%	32.1%
Computed expected income tax expense (recovery)	\$ 209,713	\$ (702,796)
Adjustments:		
Stock based compensation	34,052	56,666
Non-capital losses carried forward	(206,580)	-
Effect of change in tax rate and other	(37,185)	142,887
	-	(503,243)
Valuation allowance	-	503,243
	\$ -	\$ -

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7. Income taxes (continued):

The components of the net future income tax asset at June 30, 2008, no portion of which has been recorded in these financial statements, are as follows:

	June 30 2008	December 31 2007
Non-capital/net operating losses	\$ 1,193,000	\$ 1,846,000
Share issue costs	109,000	137,000
Capital losses	13,000	23,000
Mineral interests	-	1,433,000
	1,315,000	3,439,000
Valuation allowance	(1,315,000)	(3,439,000)
	\$ -	\$ -

In February 2008, the Company renounced the tax credits associated with the \$1,638,340 flow-through share financing completed in 2007. In accordance with Canadian GAAP, in order to recognize the tax benefits conferred upon the subscribers of the flow-through shares, a future income tax liability of \$410,000 and a corresponding reduction of share capital were recorded in the first quarter of 2008. As the Company has future income tax assets that have not previously been recognized, and the taxable temporary differences relating to the flow-through shares are expected to reverse during the loss carry forward period, the future income tax liability has been reduced, and a future income tax recovery of \$410,000 has been recorded.

8. Commitments:

In relation to its flow-through common shares issued in 2007, the Company has commitments for expenditures of \$1,638,340 on exploration and development activities to be incurred prior to December 31, 2008. As of June 30, 2008, the Company has incurred \$160,150 of eligible flow-through expenditures, leaving a balance of \$1,478,190 to be incurred.

Management Discussion and Analysis

June 30, 2008

This Management Discussion and Analysis ('MD&A') has been prepared as of August 15, 2008. It should be read in conjunction with Monroe Minerals Inc.'s ('Monroe' or 'the Company') consolidated financial statements and accompanying notes for the year ended December 31, 2007. Information provided herein relating to 2008 and later years is based on assumptions regarding future events and results may vary. All prices are in Canadian dollars unless otherwise stated.

Second Quarter Highlights

Highlights during the second quarter of 2008 include:

- The Company completed the sale of its South African subsidiary, Monroe Mining (Pty) Limited ('Monroe SA') effective June 30, 2008 for cash proceeds of US\$1,350,000 and a carried equity interest of 10% in any projects that develop from the intellectual database of Monroe SA. The completion of the transaction is subject to regulatory approval, which may take approximately one year. Pending the receipt of regulatory approval, US\$300,000 of the proceeds is being held in escrow by the Company's legal counsel in South Africa, with interest thereon for the account of the Company.
- The Company announced the results of the analysis of sediment and rock samples collected at Alexis River during August and September 2007 and February 2008. Assays of four rock samples from the radioactive occurrences west of Anomaly Lake range up to 204 ppm U (INAA analysis). Fifteen lake sediment samples which were collected and analyzed by INAA during Fall 2007 provided initial verification of the existence of exceptionally high uranium and some other metals at Anomaly Lake, including 323 to 2,370 ppm uranium (average is 721 ppm U or 0.085 wt.% U₃O₈) and 175 to 1,070 ppm molybdenum. These results have been subsequently confirmed by further systematic lake sediment sampling conducted in February 2008. Twenty-one samples from the February exploration have results ranging from 261 to 2,290 ppm uranium (average is 578 ppm U or 0.068wt.% U₃O₈) and hence show excellent reproducibility of the uranium results from the fifteen previous sample locations.

Properties

Monroe's technical expertise lies in project selection and exploration planning and implementation. Present goals for the uranium division include the identification of additional exploration properties in Canada, as well as the selection of larger scale uranium projects in Africa and elsewhere. Monroe presently has three uranium properties, all of which are located in Newfoundland & Labrador.

The Qualified Person who has reviewed the information on Properties contained in this MD&A is Dr. Reg Olson.

ALEXIS RIVER

The Alexis River property is approximately 2,500 hectares in size and the area is underlain by rocks assigned to the Pinware Terrane of the Eastern Grenville Province, which are potential hosts for uranium mineralization. The Geological Survey of Canada ('GSC') and the Geological Survey

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of Newfoundland & Labrador ('GSNL') have undertaken substantial mapping and geological interpretation in the Eastern Grenville Province. Notably, the Pinware Terrane (which includes the Alexis River property) has been recognized by geologists as containing potential for uranium and Rare Earth Element mineralization associated with nepheline-bearing and/or aegerine-bearing syenite resulting from the extensive alkali-magmatism prevalent only in this part of the Eastern Grenville Province (Gower & Van Nostrand, 1994).

The GSC and GSNL programs comprised an airborne magnetic survey (1974), lake sediment surveys (1984), and airborne radiometric surveys (1988), and covered the Alexis River area. The samples from the Alexis River property contained 926 ppm uranium (fluorimetric analysis) or 1,030 ppm uranium (INAA analysis) in lake sediment. In short, over 0.1% U₃O₈ in lake bottom sediment. This site, named 'Anomaly Lake', was the most anomalous of 18,640 lake sediment samples taken by the GSC in Labrador, in which the average uranium content is 3.8 ppm uranium.

Monroe may earn a minimum 60% interest in the Alexis River property over four years by spending \$1,250,000 on exploration, including a minimum first year commitment of \$175,000, and making share payments to Altius Resources Inc. ('Altius') of 2,500,000 Monroe shares, including 500,000 shares on signing and 2,000,000 shares divided equally over four years to be paid on each anniversary of the agreement. Monroe is current on its earning obligations.

The July 2007 helicopter borne radiometric and magnetometer survey provided encouraging results. The airborne geophysical survey revealed several radiometric anomalies within the Alexis River property. These included a strongly positive, broad (~ 0.8 by 1.0 km) radiometric anomaly that exists immediately to the east of Anomaly Lake, plus several other smaller unexplained radiometric anomalies. The magnetics data indicated the Alexis River property is underlain by a diverse assemblage of lithologies. As well, there exist numerous faults with various orientations, including a possible north-northwesterly trending fault beneath Anomaly Lake.

During August and September 2007, Altius conducted (a) limited follow-up prospecting over selected airborne radiometric anomalies and (b) additional lake sediment sampling of Anomaly Lake. Anomalously radioactive outcrops and boulders were identified immediately west and east of Anomaly Lake. Anomalous radioactivity is locally up to 12,000 counts per minute (Exploranium GR-135 differentiating spectrometer) in coarse grained pegmatite. Assays of four rock samples from the radioactive occurrences west of Anomaly Lake range up to 204 ppm U (INAA analysis).

Fifteen lake sediment samples which were collected and analyzed by INAA during Fall 2007 provided initial verification of the existence of exceptionally high uranium and some other metals at Anomaly Lake, including 323 to 2,370 ppm uranium (average is 721 ppm U or 0.085 wt.% U₃O₈) and 175 to 1,070 ppm molybdenum. These results have been subsequently confirmed by further systematic lake sediment sampling that Altius and Monroe conducted in February 2008. Twenty-one samples from the February exploration have results ranging from 261 to 2,290 ppm uranium (average is 578 ppm U or 0.068% U₃O₈) and hence show excellent reproducibility of the uranium results from the fifteen previous sample locations. These results in tabular form are:

Sampling date	Total samples	High ppm U	Low ppm U	Average ppm U
Fall 2007	15	2,370	323	721
Winter 2008	21	2,290	261	578
Total	36	2,370	261	638

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These lake sediment sample results for uranium are unusually high, being well over two orders of magnitude higher than the average uranium content of lake sediment samples within Labrador. The radioactive occurrences discovered to date in the vicinity of Anomaly Lake are encouraging but do not provide a satisfactory explanation for the very anomalous uranium content in these lake sediments. A comprehensive geological mapping, prospecting and sampling program was completed during June to August 2008 and results released on August 6, 2008.

BOXEY POINT AND BERRY HILL

In January 2008, the Company entered into option agreements with Altius allowing the Company to earn a 60% interest in the Boxey Point and Berry Hill uranium exploration properties, located in Newfoundland, Canada.

The Boxey Point property totals thirty-six claims and is approximately 900 hectares in size. It is located in the Fortune Bay area along the southern coast of Newfoundland, between and a little south of the Coomb's Cove and English Harbour West settlements. The property is about 600 km by road from St. John's. A recent soil sampling program yielded elevated uranium results and two rock samples tested 738 ppm and 1,498 ppm uranium (0.09 to 0.18% U_3O_8) respectively. There is also remarkable alteration of the sedimentary strata on the property. The expected deposit type could be similar to the conglomerate-hosted uranium prospects that exist at the Beavercell deposits in southern B.C. or the former Midnite/Blackhawk Mine near Spokane, Washington.

Monroe may earn a 60% interest in the Boxey Point property over four years by spending \$1,000,000 on exploration, including a minimum first year commitment of \$100,000, and making share payments to Altius of 2,000,000 Monroe shares, including 400,000 shares issued on signing and 1,600,000 shares divided equally over four years to be paid on each anniversary of the agreement. Monroe is current on its earning obligations.

The Berry Hill property totals fifty-seven claims and is 1,425 hectares in size. It is located on the Burin Peninsula about 160 km west or 235 km by road from St. John's. The Berry Hill property is a conceptual play based on fluorite occurrences and a number of stream sediment, lake sediment and till samples with elevated concentrations of one or more of uranium, molybdenum and fluorine. The expected deposit type is a granitic-hosted uranium deposit such as the Rossing mine in Namibia, Radium Hill in South Australia or the Johan-Beetz uranium prospect in Quebec. Granite-hosted uranium deposits tend to be relatively low grade (e.g., <0.1% U_3O_8), although they can be very large.

Monroe may earn a 60% interest in the Berry Hill property over four years by spending \$475,000 on exploration, including a minimum first year commitment of \$50,000, and making share payments to Altius of 500,000 Monroe shares, including 100,000 shares issued on signing and 400,000 shares divided equally over four years to be paid on each anniversary of the agreement. Monroe is current on its earning obligations.

Exploration commenced at the Boxey Point and Berry Hill properties on April 30 and was completed June 28, 2008, with the fieldwork being done by a four to six person geological crew provided by Altius. The fieldwork included reconnaissance prospecting using scintillometers and the collection of 24 rock grab samples, 14 till and till concentrate samples, as well as 572 soil samples, with the bulk of the work completed at Boxey Point. All samples have been forwarded to Eastern Analytical Limited in Springdale, NL, with additional analysis performed at Actlabs for INAA/ICP analyses for uranium and additional elements. Partial results have been received and complete results are expected by late summer 2008. With respect to Boxey Point, Altius and

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Monroe's geological consultants are recommending further exploration follow-up, including semi-detailed geological mapping and prospecting, additional soil sampling and drill testing. With respect to Berry Hill, however, based on the recently completed reconnaissance exploration, Altius reports its initial work does not support further exploration on the property.

The earn-in under each of the Boxey Point and Berry Hill projects is independent of whether earn-in occurs under the other. Upon Monroe fulfilling its earn-in obligations, the parties will form a 60:40 joint venture, with each partner contributing its pro-rata share of future expenditures. If either party dilutes its interest to less than 10% in the joint venture, its interest shall be converted to a royalty of 1% of gross uranium sales.

Properties Analysis

The following table presents the carrying amounts and expenditures on the Company's mineral properties.

Property	December 31, 2007	Incurred during the period ended June 30, 2008	Expensed, amortized, disposed or written down in 2008	June 30, 2008
Alexis River, Canada	\$ 42,500	\$ 77,000	\$ 77,000	\$ 42,500
Boxey Point, Canada	-	76,600	52,600	24,000
Berry Hill, Canada	-	17,700	11,700	6,000
London, South Africa	-	8,500	8,500	-
Skaapkop, South Africa	65,800	-	65,800	-
Cangandala, Angola	-	-	-	-
Plant and equipment	<u>17,500</u>	<u>-</u>	<u>17,500</u>	<u>-</u>
Total	\$ <u>125,800</u>	\$ <u>179,800</u>	\$ <u>233,100</u>	\$ <u>72,500</u>

Results of Operations

Operations

The Company is in the exploration and development stage of its operations. Therefore, other than minimal interest earned on its cash deposits, the Company continues to create operating losses as a result of general and administration expenses required to review, acquire and evaluate assets and to maintain a public listing.

All of Monroe's projects are at the exploration or development stage:

- Extensive fieldwork at Alexis River, Boxey Point and Berry Hill was completed during the second quarter. Details, as well as results received to date, are included under 'Properties' above.

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- One of the Company's objectives during 2008 is the identification of suitable uranium companies and assets for acquisition, merger, strategic partnership or joint venture. During the first quarter the Company completed a survey of such companies and assets in Canada and Africa. During the second quarter the Company entered informal discussions with five companies with a view to furthering this objective. To date, none of these discussions have progressed to formal proposals.

General and Administration Expenses ('G&A')

Gross G&A for the six months ended June 30, 2008 was \$661,514 (2007 - \$641,290). The costs (with comparative figures for 2007) are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Salaries and benefits	\$ 79,282	\$ 140,978	\$ 183,083	\$ 285,851
Financial administration	45,483	29,419	91,274	58,830
Audit and legal	25,145	33,046	64,011	47,947
Investor relations	24,714	16,686	74,610	69,386
Stock based compensation expense	52,017	35,525	115,430	71,050
General office and miscellaneous	18,789	44,843	85,688	52,996
Travel and marketing	<u>36,749</u>	<u>29,858</u>	<u>47,418</u>	<u>55,230</u>
Total	\$ <u>282,179</u>	\$ <u>330,255</u>	\$ <u>661,514</u>	\$ <u>641,290</u>

Salary costs were lower in 2008 due to the closure of the Angola office in February 2008. Salary costs capitalized to mineral interests amounted to \$nil (2007 - \$121,706). Financial administration increased due to a higher volume of work in the uranium division, including the investigation of new opportunities and the administration of flow-through obligations. The increase in audit and legal fees is due to differences in the rates of accrual of audit fees in the first quarter of 2008 and 2007. Investor relations increased due to higher IR counsel contract fees. The increase in stock based compensation expense is a consequence of the issuance of stock options in the fourth quarter of 2007. General office and miscellaneous costs increased due to provisions for closing the Angola office. Some of these provisions were reversed in the second quarter, resulting in a lower than usual overall charge in that quarter. The decrease in travel and marketing costs is a further consequence of discontinuing activities in Angola.

Interest on Long Term Debt

Interest expense on long term debt decreased from \$23,155 to \$15,857 for the six months ended June 30, 2008 as a consequence of the partial repayment of principal and of accumulated interest in the fourth quarter of 2007. Interest bearing debt is denominated in sterling and was repaid effective June 30, 2008 as a consequence of the sale of Monroe SA.

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Summary of Quarterly Results

Quarterly results are unaudited.

(All figures are in \$ except share numbers)

	Three months ended							
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
Project development	136,924	35,155	121,250	3,250	11,019	4,844	5,952	3,269
Amortization	878	1,002	3,313	5,621	6,302	6,991	1,766	1,874
(Income) loss for the period	(737,139)	26,249	1,300,849	309,195	310,091	269,260	2,690,011	137,516
Working capital	2,147,219	1,506,607	1,869,979	(221,117)	159,778	(395,992)	53,430	211,997
Mineral interests	72,500	154,775	125,777	608,353	430,786	369,368	306,135	2,742,834
Total assets	2,502,106	2,019,360	2,338,933	1,273,349	1,490,950	987,262	1,251,257	3,944,209
Shareholders' equity	1,999,719	1,210,563	1,553,971	255,933	482,290	(128,279)	105,456	2,753,993
Shares outstanding	122,470,023	122,470,023	121,970,023	80,732,194	80,232,194	70,162,194	70,162,194	70,162,194
Net (income) loss per share	(0.01)	0.00	0.03	0.00	0.00	0.00	0.04	0.00

1. No dividends have been paid since incorporation. Fully diluted per share amounts are not presented because the results are antidilutive.
2. The above information has been summarized from the consolidated financial statements of the Company prepared in accordance with accounting principles generally accepted in Canada.
3. Refer to 'Results of Operations' for a discussion of factors that have caused period to period variations, significant acquisitions, changes in direction of Monroe's business and other information relevant to an understanding of the Company's financial condition and results of operations.

Liquidity

Working Capital

At June 30, 2008, the Company had working capital of \$2,147,219 (December 31, 2007 - \$1,869,979), due mainly to a private placement which closed in the fourth quarter of 2007 and the sale of Monroe SA. The Company does not generate positive cash flow from operations and is dependent on its current working capital, on loans from related parties, private placements and the exercise of stock options to supplement its limited financial resources.

Long Term Debt

Debt owing to an entity controlled by Monroe's largest shareholder bore interest at 7% per annum and was denominated in sterling. At June 30, 2008, the principal outstanding amounted to £nil (\$nil) (December 31, 2007 - £226,149 (\$443,570)) and accrued interest to £nil (\$nil) (December 31, 2007 - £nil (\$nil)). The debt was secured by a charge on income from the London Mine and was repaid from the proceeds from the sale of Monroe SA, referred to in Second Quarter Highlights above, as required by the terms of the sale agreement.

Unpaid salary of \$220,000 (December 31, 2007 - \$220,000) is due to the President of the Company, who has agreed not to demand repayment before October 2009.

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Stock Options

No new stock options were granted or exercised during the period.

Off Balance Sheet Arrangements

The Company does not have any off balance sheet financial arrangements.

Non-controlling Interest

The non-controlling interest up to February 2008 in the Company's South African subsidiary, Monroe SA, resulted from the investment of Vuya! in that company consequent upon the requirements of the SA Government in relation to Black Economic Empowerment ('BEE'). The interest was recorded based on book values and did not reflect underlying fair value.

The Company had the right to recover all or part of the 26% interest of Vuya! in Monroe SA for nominal consideration in the event that Vuya! did not pay the full consideration of R19,253,000 (\$2,755,388) or Vuya! ceased to be a BEE company. Arrangements between the Company and Vuya! were determined by an agreement dated August 16, 2004 and were for a minimum four year period, during which Vuya! would identify diamond projects valued at no less than R19,253,000 (\$2,755,388) on behalf of the Company, or pay this amount in cash, and generally assist the Company with the development of its business in South Africa.

On February 28, 2008, the Company exercised its right to acquire all of the shares of Monroe SA held by Vuya! for a nominal amount and, accordingly, the non-controlling interest no longer exists.

Environmental Liabilities

Monroe maintains its environmental rehabilitation liabilities on a current basis, thus obviating the need to accumulate a provision for this purpose.

Capital Resources

On January 8, 2008 the Company completed a private placement, issuing 500,000 common shares at a purchase price of \$0.06 per common share for total consideration of \$30,000 as part of the acquisition of an interest in the Boxey Point and Berry Hill uranium properties.

Outlook

The Company's priorities in 2008 are the completion of its portfolios of uranium properties in Canada and in Africa, the reorganization of its diamond division, and the growth of the Company's market capitalization through corporate activity. Good progress has been made in the uranium division with the appointment of new advisors and consultants in Canada and Africa, the addition of the Boxey Point and Berry Hill properties in Newfoundland, the commencement of exploration at the Alexis River, Boxey Point and Berry Hill properties, and a survey of suitable uranium companies and assets for acquisition, merger, strategic partnership or joint venture. Efforts towards achieving these latter objectives are continuing with increasing intensity. The diamond division was sold effective June 30, 2008.

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Transactions with Related Parties

Except for the debt arrangements referred to in '*Liquidity*' there were no significant transactions with related parties.

Critical Accounting Estimates

The Company's accounting policies are discussed in Note 1 to the consolidated financial statements for the year ended December 31, 2007.

Changes in Accounting Policies Including Initial Adoption

Changes in accounting policies and recent accounting pronouncements are discussed in Notes 1(b) and 1(l) to the consolidated financial statements for the year ended December 31, 2007. These include the adoption of standards with respect to 'Financial Instruments – Recognition and Measurement', 'Hedges', and 'Comprehensive Income', effective January 1, 2007, and the effects of the adoption of standards with respect to 'Financial Instruments – Disclosure', 'Financial Instruments – Presentation', 'Capital Disclosures', and 'Inventories' as of January 1, 2008.

Financial Instruments and Other Instruments

The Company is exposed to interest rate price risk to the extent that long term debt bears a fixed rate of interest. The Company is also exposed to currency exchange rate risks to the extent of its foreign operations conducted in South Africa, as well as the long term debt denominated in sterling. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates.

Controls and Procedures

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. In common with many of its peers, the Company faces challenges in achieving these objectives.

In the light of the Company's small size, DC&P are affected by the limited ability to obtain independent confirmation of data. To mitigate potential control weaknesses, (a) the Chief Executive Officer ('CEO') is actively involved in the day to day business of the Company including in its overseas jurisdictions, (b) the CEO and Chief Financial Officer ('CFO') have identified those individuals carrying responsibility for compiling the relevant data for each line of information in the financial statements and requested that they confirm the accuracy and completeness of same, and (c) the Company has implemented accounting data review procedures to assist the integrity of reports. During 2005, the Company adopted a written corporate policy documenting its disclosure practices which forms part of the support for these officers' statements in their certificates filed on SEDAR.

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The issue regarding limitations on independent confirmation of data is equally applicable when considering ICFR. In addition, it is not economically feasible, at the Company's current size and with the limited number of staff available, to achieve optimum or complete segregation of duties. Also, Monroe does not have a sufficient number of finance personnel, with all of the technical accounting knowledge, to address all complex and non-routine accounting transactions that may arise. These weaknesses in internal controls raise the possibility that a material misstatement may not be prevented or detected.

Management and the Board of Directors work to mitigate the risk of material misstatements: the integral role of the CEO in day to day operations provides a direct connection to source data and accounting data review procedures provide a further level of assurance. Monroe currently has no plans to remediate the above mentioned weaknesses which are linked with its current size and nature of operations.

Commencing with the 2005 fiscal year end, the CEO and CFO are required to provide and file on SEDAR a certificate regarding the Company's financial statements and annual filings. Based on their respective knowledge of the relevant facts and information and having exercised reasonable diligence, in the required filings, the CEO and CFO have confirmed their continued belief that (a) the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings, and (b) the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date and for the periods presented in the annual filings.

As Monroe is a TSX Venture listed company, its CEO and CFO are not required to provide representations in the 2007 annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in MI 52-109. In particular, the certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Other Matters

Investor Relations

The investor relations program is aimed primarily at investor communications and interaction with the financial community in Canada and Europe. CHF Investor Relations of Toronto and Calgary is the Company's investor relations counsel in Canada. The monthly fee is \$6,000, plus expenses

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which arise, *inter alia*, in relation to briefings, presentations and the provision of publicity materials. In addition, CHF has been granted an option to acquire 1,250,000 shares in the Company to April 2012 at prices varying between \$0.12 and \$0.30 per share. Investment Connections of Versoix, Switzerland, is the Company's investor relations counsel in Europe. Remuneration arrangements are on a *per diem* basis as well as a finder's fee for private placements of the Company's securities.

Business Risks

The exploration and development of natural resource properties involves a wide range of risks which includes, but is not limited to, the uncertainty of discovery, lack of commercial deposits following discovery, title to properties, changes in government regulations, uninsured risks, product price fluctuations, environmental factors, political and economic risks, exchange rate fluctuations and exchange controls.

Monroe is at an early stage of its development. Its success will depend on the expertise of its management in pursuing business opportunities. The Company is in competition with companies possessing greater financial resources for both properties and personnel. The Company does not generate positive cash flow, has limited financial resources and must raise additional capital to implement its programs.

Readers are directed to the Company's web site for a fuller disclosure of business risks.

Additional Information

Additional information regarding the Company is available on the Company's web site at www.monroeminerals.com and on SEDAR at www.sedar.com.