

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or 12(g) OF THE *SECURITIES EXCHANGE ACT OF 1934*

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE *SECURITIES EXCHANGE ACT OF 1934*

For the fiscal year ended March 31, 2008 (with other information to August 29, 2008, except where noted)

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE *SECURITIES EXCHANGE ACT OF 1934*

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE *SECURITIES EXCHANGE ACT OF 1934*

Date of event requiring this shell company report \_\_\_\_\_

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-29870

**CREAM MINERALS LTD.**

(Exact name of Registrant specified in its charter)

**CREAM MINERALS LTD.**

(Translation of Registrant's name into English)

**BRITISH COLUMBIA, CANADA**

(Jurisdiction of incorporation or organization)

**Suite 1400, 570 Granville Street  
Vancouver, British Columbia, Canada, V6C 3P1**

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of Each Class

Name of each exchange on which registered

None

Not applicable

Securities registered or to be registered pursuant to Section 12(g) of the Act

Common Shares without Par Value

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None

Number of outstanding shares of Cream's only class of issued capital stock as at August 31, 2008:

**50,812,588 Common Shares Without Par Value**

Indicate by check mark if the issuer is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.  
Yes  No

Note – Checking the box above will not relieve any registrant to require to file reports pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the *Securities Exchange Act of 1934* during the preceding 12 months (or for such shorter period that Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  
Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act.  
Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer

Indicate by check mark which financial statement item Registrant has elected to follow:

Item 17  Item 18

If this report is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether Registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the *Securities Exchange Act of 1934* subsequent to the distribution of securities under a plan confirmed by a court.

**NOT APPLICABLE**

**Currency and Exchange Rates**

All monetary amounts contained in this Registration Statement are, unless otherwise indicated, expressed in Canadian dollars. On August 29, 2008, the Federal Reserve noon rate for Canadian Dollars was U.S.\$1.00:Cdn\$0.9406 (see Item 4 for further historical Exchange Rate Information).

## STATEMENT REGARDING FORWARD LOOKING INFORMATION

Certain statements in this Annual Report on Form 20-F under the captions “Item 3 - Risk Factors”, “Item 4 - Business Overview and Operating and Financial Review and Prospects” and “Item 11 - Quantitative and Qualitative Disclosures about Market Risk” and elsewhere in this Annual Report and the documents incorporated herein by reference constitute “forward-looking statements” within the meaning of the U.S. federal securities laws. Some forward-looking statements may be identified by such terms as “believes”, “anticipates”, “intends” or “expects”. These forward-looking statements are based on the Company’s current expectations and projections about future events and financial trends affecting the financial condition of its business and the industry in which it operates. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors including the factors set forth in other filings with the Canadian securities commissions and the United States Securities and Exchange Commission (the “Commission”), which may cause the actual results, performance or achievements of the Company, or industry results to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, which will, among other things, impact demand for gold and silver and other precious metals explored for by the Company; industry capacity; the ability of the Company to implement its business strategy; changes in, or the unintentional failure to comply with, government regulations (especially safety and environmental laws and regulations); changes in the uses of gold, silver and other precious metals; silver and gold price volatility; increased competition; risks of the mining industry; exploration programs not being successful; inability to obtain financing; inability to obtain or, cancellation of, government permits; changes to regulations and mining law; increased reclamation obligations; title defects with respect to properties; risks associated with international operations; and foreign exchange and currency fluctuations. Consequently, all of the forward-looking statements made in this annual report are qualified by these cautionary statements. The Company disclaims any obligation to update or revise any written forward-looking statements whether as a result of new information, future events or otherwise.

### Currency and Measurement

All currency amounts in this Annual Report on Form 20-F are stated in **Canadian dollars** unless otherwise indicated. Conversion of metric units into imperial equivalents is as follows:

<u>Metric Units</u>	<u>Multiply by</u>	<u>Imperial Units</u>
Hectares	2.471	= acres
Metres	3.281	= feet
kilometres	0.621	= miles (5,280 feet)
Grams	0.032	= ounces (troy)
Tonnes	1.102	= tons (short) (2,000 lbs)
grams/tonne	0.029	= ounces (troy)/ton

The following table sets out the exchange rates, based on the noon buying rates in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York, for the conversion of Canadian dollars into United States dollars in effect at the end of the following periods, and the average and the range of high and low noon buying rates for such periods.

	<b>To August 31, 2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
End of Period	\$0.9406	\$1.0120	\$0.8582	\$0.8579	\$0.8310	\$0.7738
Average for Period	0.9870	0.9316	0.8818	0.8254	0.7682	0.7139
High for Period	1.0677	1.0908	0.9100	0.8690	0.8493	0.7738
Low for Period	1.0291	0.8437	0.8528	0.7872	0.7158	0.6349

High and low exchange rates for the past six months						
	August 2008	July 2008	June 2008	May 2008	April 2008	March 2008
High	0.9366	0.9746	0.9765	0.9816	0.9739	0.9732
Low	0.9795	0.9985	0.9989	1.0163	0.9967	1.0162

#### CAUTIONARY NOTE TO U.S. INVESTORS

This Annual Report may use the terms “measured resources” and “indicated resources.” We advise U.S. investors that while such terms are recognized and permitted under Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. U.S. investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves.

This Annual Report may use the terms “inferred resources.” We advise U.S. investors that while such term is recognized and permitted under Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. “Inferred resources” have a great amount of uncertainty as to their existence, as well as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that any part or all of an inferred resource exists, or is economically or legally mineable.

S.E.C. Industry Guide	National Instrument 43-101
<b>Reserve:</b> That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. The United States Securities and Exchange Commission requires a final or full Feasibility Study to be completed in order to support either Proven or Probable Reserves and does not recognize other classifications of mineralized deposits. Note that for industrial mineral properties, in addition to the Feasibility Study, “sales” contracts or actual sales may be required in order to prove the project’s commerciality and reserve status.	<b>Mineral Reserve:</b> The economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
<b>Proven Reserves:</b> Reserves for which a quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established.	<b>Proven Mineral Reserve:</b> The economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
<b>Probable Reserves:</b> Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.	<b>Probable Mineral Reserve:</b> The economically mineable part of an indicated, and in some circumstances, a Measured Mineral Resource, demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, and economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

#### Further Particulars of Cream’s Properties

**Cream is presently in the exploration stage without any assurance that a commercially viable ore deposit (a reserve) exists in any of Cream’s properties until further geological work is done and a comprehensive economic feasibility study is conducted.**

## PART 1

### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### ITEM 3. KEY INFORMATION

#### A. Selected Financial Data

The following table sets forth selected consolidated financial information with respect to the Company for the periods indicated and is extracted from the more detailed consolidated financial statements included herein. The following constitutes selected financial data for Cream Minerals Ltd. for the last five fiscal years ended March 31, 2008, in Canadian dollars, presented in accordance with Canadian generally accepted accounting principles (“Cdn GAAP”) which differs in many respects from generally accepted accounting principles in the United States (“US GAAP”). A discussion of measurement differences between Cdn GAAP and US GAAP is contained in Note 14 to the consolidated financial statements. The following table should be read in conjunction with “Item 5: Operating and Financial Review and Prospects”, and the consolidated financial statements included in Item 17. On March 31, 2008, the noon buying rate as quoted by the Federal Reserve Bank of New York was 1.018 Canadian dollars per U.S. dollar.

**(Canadian Dollars in Thousands Except Per Share Amounts)**

<b>(Cdn\$)</b>	<b>As at March 31</b>				
<b>Balance Sheet Data</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Total assets according to financial statements (Cdn GAAP)(1)	\$ 5,315	\$ 4,455	\$ 1,861	\$ 1,127	\$ 2,755
Total assets (US GAAP)(2)	1,406	1,433	1,055	806	1,552
Total liabilities	1,333	401	467	139	216
Share capital	23,777	21,483	18,530	17,440	16,517
Contributed surplus, accumulated comprehensive income and loss and warrants	1,827	1,166	796	589	248
Deficit (Cdn GAAP)	(21,622)	(18,595)	(17,932)	(17,041)	(14,226)
Deficit (US GAAP)	\$ (25,531)	\$ (21,617)	\$ (18,738)	\$ (17,362)	\$ (15,429)

<b>(Cdn\$)</b>	<b>As at March 31</b>				
<b>Period End Balances (as at)</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Working capital (deficiency)	\$ (1,061)	\$ 4	\$ (34)	\$ 134	\$ 1,053
Mineral property interests (US GAAP)	856	816	518	385	187
Mineral property interests (Cdn GAAP)	4,765	3,838	1,324	706	1,390
Shareholders' equity (Cdn GAAP)	3,982	4,054	1,394	989	2,539
Shareholders' equity (deficiency) (US GAAP)	1,406	1,023	581	657	1,347
Number of outstanding shares	47,921	41,801	34,766	29,691	28,050

No cash or other dividends have been declared.

**(Canadian Dollars in Thousands Except Per Share Amounts)**

<b>(Cdn\$)</b>	<b>As at March 31</b>					
<b>Statement of Operations Data</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	
Investment and other income	\$ 6	\$ 23	\$ 1	\$ 5	\$ 1	
General and administrative expenses	1,446	686	764	721	479	
Write-down (recovery) of value added taxes recoverable	--	--	(70)	104	--	
Write-down of investments	--	--	25	--	--	
Mineral property write-downs	1,586	--	173	1,996	13	
Loss according to financial statements (Cdn GAAP)	(3,027)	(663)	(891)	(2,815)	(491)	
Loss from continuing operations per common share (Cdn GAAP)	(0.06)	(0.02)	(0.03)	(0.07)	(0.02)	
Loss according to financial statements (US GAAP)	(3,915)	(2,879)	(1,376)	(1,922)	(1,183)	
Loss per share (US GAAP)(2)	(0.08)	(0.07)	(0.04)	(0.07)	(0.05)	

Notes:

- (1) Under Cdn GAAP applicable to junior mining exploration companies, mineral exploration expenditures can be deferred on prospective properties until such time as it is determined that further exploration is not warranted, at which time the property costs are written off. Cream has capitalized the exploration costs as incurred, which is not consistent with US GAAP, whereby all exploration expenditures are expensed until an independent feasibility study has determined that the property is capable of economic commercial production.
- (2) Under Cdn GAAP, management incentive shares held in escrow are included in the calculation of loss per share. Under US GAAP, shares held in escrow are excluded from the weighted average number of shares outstanding until such shares are released for trading. No Cream shares are held in escrow.

Additionally, Statement of Financial Accounting Standards No.128: Earnings per Share ("SFAS 128") replaces the presentation of primary earnings per share ("EPS") with a presentation of both basic and diluted EPS for all entities with complex capital structures, including a reconciliation of each numerator and denominator. Basic EPS excludes dilutive securities and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the year. Diluted EPS reflects the potential dilution that could occur if dilutive securities were converted into common stock and is computed similarly to fully diluted EPS pursuant to previous accounting pronouncements. SFAS 128 applies equally to loss per share presentations.

Stock options and warrants outstanding were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

The tables below include the quarterly results for the years ended March 31, 2008 (“fiscal 2008”) and 2007 (“fiscal 2007”).

<b>(Cdn\$)</b> <b>Statement of Operations Data</b>	Year Ended March 31, 2008			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Investment and other income	\$ 2,205	\$ 703	\$ 1,750	\$ 1,087
General and administrative expenses	201,674	208,852	390,640	228,930
Stock-based compensation	170,985	108,082	63,805	71,612
Property investigations	360	1,343	31	--
Write-down of mineral property interest	--	--	--	1,586,240
Loss according to financial statements (Cdn GAAP)	(370,814)	(317,574)	(452,695)	(1,885,695)
Loss according to financial statements (US GAAP)	(984,899)	(1,216,332)	(644,359)	(1,081,740)
Loss from continuing operations per common share	(0.01)	(0.01)	(0.01)	(0.03)
Loss per share (US GAAP)	(0.02)	(0.03)	(0.01)	(0.02)

<b>(Cdn\$)</b> <b>Statement of Operations Data</b>	Year Ended March 31, 2007			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Investment and other income	\$ 7,384	\$ 614	\$ 13,179	\$ 1,322
General and administrative expenses	157,452	146,067	116,597	185,734
Stock-based compensation	29,277	18,045	15,105	5,440
Property investigations	--	12,132	--	--
Loss according to financial statements (Cdn GAAP)	(179,345)	(175,630)	(118,523)	(189,852)
Loss according to financial statements (US GAAP)	(451,645)	(727,628)	(794,758)	(904,860)
Loss from continuing operations per common share	(0.01)	(0.00)	(0.00)	(0.01)
Loss per share (US GAAP)	(0.01)	(0.02)	(0.02)	(0.02)

See Item 17 for accompanying consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles for further details, including note 14 that reconciles Cdn GAAP to US GAAP.

**B. Capitalization and Indebtedness**

Not applicable.

**C. Reasons for the Offer and Use of Proceeds**

Not applicable.

**D. Risk Factors**

The following is a brief discussion of those distinctive or special characteristics of Cream’s operations and industry, which may have a material impact on, or constitute risk factors in respect of Cream’s financial performance.

## **Financial Risk Factors**

***Cream currently has no source of operating cash flow and has a history of operating losses.*** Cream currently has no revenues from operations and all of its mineral property interests are in the exploration stage. The Company will not receive revenues from operations at any time in the near future, and Cream has no prior years' history of earnings or cash flow. Cream has not paid dividends on its shares at any time since incorporation and does not anticipate doing so in the foreseeable future. Cream's consolidated financial statements have been prepared assuming Cream will continue on a going-concern basis. However, unless additional funding is obtained, this assumption will have to change and Cream's assets may be written down to realizable values. Cream has incurred losses since inception (deficit at March 31, 2008, is \$21.6 million), which casts substantial doubt on the ability of Cream to continue as a going-concern. Cream has no revenue other than interest income. A mining project can typically require five years or more between discovery, definition, development and construction and as a result, no production revenue is expected from any of the Company's exploration properties in that time frame. All of Cream's short to medium-term operating and exploration expenses must be paid from its existing cash position or external financing. At March 31, 2008, Cream had a working capital deficiency of \$1,060,686 compared to working capital of \$3,610 at March 31, 2007. Working capital is defined as current assets less current liabilities.

Subsequent to March 31, 2008, the Company completed a private placement of 1,658,635 non-flow through units ("NFT Unit") at a price of \$0.22 per FT Unit, each Unit consisting of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company for a period of 12 months from closing at an exercise price of \$0.25. Compensation of 91,000 finder's units was issued. Each finder's unit consists of one common share and one non-transferable share purchase warrant. Each finder's unit warrant will entitle the holder, on exercise, to purchase one additional common share of the Company for a period of 12 months following the date of the issue of the finder's unit at an exercise price of \$0.25. The Company also completed a private placement of 1,010,800 flow-through units ("FT Unit") at a price of \$0.25 per FT Unit, each Unit consisting of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company for a period of 12 months from closing at an exercise price of \$0.28. Compensation of 81,080 finder's units was issued. Each finder's unit consists of one common share and one non-transferable share purchase warrant. Each finder's unit warrant will entitle the holder, on exercise, to purchase one additional common share of the Company for a period of 12 months following the date of the issue of the finder's unit at an exercise price of \$0.28. The Company will require further equity infusion to complete the planned exploration programs in Mexico, Sierra Leone, and Canada.

In addition, funds have been advanced to the Company by Frank A. Lang, the Company's significant shareholder, for working capital. At August 29, 2008, \$1,085,000 had been advanced to the Company by Mr. Lang. These funds will have to be repaid from any equity capital raised by the Company, or be converted to equity, which would increase the number of common shares issued.

***Cream may be unable to obtain the funds necessary to expand exploration.*** Cream's operations consist, almost exclusively, of cash consuming activities given that its main mineral project is in the exploration stage. Cream will need to receive significant (upwards of \$ million) in new equity capital or other funding annually for the foreseeable future in order to fund its current planned exploration programs, and failing that, may cease to be economically viable. To date, the only sources of funds that have been available to the Company are the sale of equity capital, or the offering by the Company of an interest in its properties to be earned by another parties or parties carrying out further development thereof. The Company currently does not have sufficient financial resources to undertake all of the planned exploration programs in fiscal 2009. This includes significant expenditures on its Nuevo Milenio property in Mexico and exploration properties in Canada. The Company has diamond licences in Sierra Leone, which will require equity capital through further equity investment or capital raised through a form of joint venture with outside parties to continue with exploration. In fiscal 2008, the exploration programs carried out in Sierra Leone in fiscal 2008 and into early fiscal 2009 were funded by loans received from Frank A. Lang, a significant shareholder of the Company, and its president and chief executive officer. The Company has been successful in the past in obtaining financing through the sale of equity securities, but as a venture capital company, it is often difficult to obtain adequate financing when required, and it is not necessarily the case that the terms of such financings will be favourable. If Cream fails to obtain additional financing on a timely basis, the Company could forfeit its interest in its mineral property interests, dilute its interests in its properties and/ or reduce or terminate operations. The Company's exploration programs would have to be prioritized to fit within cash availability.

Currently, Cream is reviewing strategies for private placement equity financing that would carry the Company through the next year of operations at a minimum. It is expected that warrants would be attached as part of the



private placement to fund the Company for a further one to two-year period. Any such financings will result in dilution of the Company, depending on the number of common shares issued.

***Volatile gold and silver prices and external market conditions can cause significant changes in the Company's share price because as the prices of precious metals increase or decrease, the economic viability of the mineral properties is affected.*** Cream has no history of mining or sources of revenue. It is dependent upon financing from forms of capital, whether from issuance of its common shares, joint ventures, or other form of business venture. The Company is exploring for gold, silver and other gems and metals, and historically, the prices of the common shares of junior mining companies are very volatile. This volatility may be partly attributed to volatility of gold and silver prices, and also to the success or failure of the Company's exploration programs. Market conditions not directly related to mining activities also affect the Company's ability to raise equity financing.

### **Environmental and Regulatory Risk Factors**

***Compliance with environmental regulations could affect future profitability and timeliness of operations.*** The current and anticipated future operations of Company require permits from various federal, territorial and local governmental authorities. Companies engaged in the exploration and development of mines and related facilities must comply with applicable laws, regulations and permits.

The Company's exploration activities are subject to various laws governing land use, the protection of the environment, prospecting, development, commodity prices, exports, taxes, labour standards, occupational safety and health, waste disposal, toxic substances, mine safety and other matters. Cream believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. The Company may be unable to obtain all permits required for exploration and development, and the costs of obtaining these permits may not be on reasonable terms. Existing laws and regulations may be modified, which could have an adverse effect on any exploration project that the Company might undertake.

The exploration activities conducted by the Company have not progressed beyond drilling, and as such, reclamation bonds posted by the Company have been nominal. Reclamation of drill sites and access to these sites, once completed to the satisfaction of the governmental body responsible, results in the return of any bonds posted.

***Failure to comply with environmental and reclamation rules could result in penalties.*** Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. The Company and its employees have been involved in the exploration of mineral properties for many years. Currently, the operations of the Company have been limited to exploration, and no mining activity has yet been undertaken. The mining industry is closely regulated in North America, where the Company has most of its operations, so that permitting is required before any work is undertaken where there is any form of land disturbance. Exploration activity undertaken in Sierra Leone and Mexico is subject to the laws and regulations of the respective countries, but land disturbance has been minimal and all required reclamation has been completed. In addition, baseline studies have been initiated in Sierra Leone.

### **Risk Factors Associated with Mining and Exploration**

***Cream's exploration efforts may be unsuccessful in locating viable mineral resources.*** Resource exploration is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity and quality to return a profit from production.

There is no certainty that the expenditures to be made by the Company on the exploration of its properties and prospects as described herein, in particular, the Casierra Diamond property, will result in discoveries of mineralized material in commercial quantities.

Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery or ore reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited.

***Cream's projects have uncertain project realization values.*** Cream defers (capitalizes) acquisition and exploration costs incurred in connection with its projects on its balance sheet in accordance with Cdn GAAP. Although Cream believes these costs (of approximately \$4.8 million at March 31, 2008) are recoverable, notwithstanding the mineralized materials contained at the projects are not currently economically viable or classified as ore, there can be no assurance that Cream could dispose of the projects for their financial statement carrying values, and in such circumstances this would mean a diminution in the book value of shareholders' equity.

***Cream may not be able to market the minerals acquired or discovered by the Company due to factors beyond the control of the Company.*** The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulation, including regulation relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

### **Other Risk Factors**

***Cream is dependent on its ability to recruit and retain key personnel.*** The success of the activities of Cream is dependent to a significant extent on the efforts and abilities of its management. Investors must be willing to rely to a significant extent on their discretion and judgment. Cream does not maintain key employee insurance for any of its employees. The President of the Company is 84 years of age, and as such, there is a need to recruit a replacement. The Company has relied on the President of the Company for many of its financings to date. Cream has relied on and will continue to rely upon consultants and others for exploration, development and technical expertise. The ability of the Company to retain and its ability to continue to pay for services are dependent upon the ability of the Company to obtain adequate financing to continue operating as a going concern.

***Further funding will be required to avoid loss of interest in certain of its mineral properties.*** Cream's acquisition rights to the various projects are contingent on its ability to meet its funding commitments. Currently, Cream's only means of generating funds is through equity offerings of its securities, and there can be no assurance that such financings will generate any or sufficient amounts to allow Cream to discharge its obligations, which include cash payments and required exploration expenditures in addition to issuances of its common shares. In the event Cream is unable to discharge its obligations in a timely manner, Cream may be forced to forfeit interests in its mineral property interests.

***Cream's title to mineral property interests may be challenged.*** Although Cream has done a review of titles to its mineral interests it has not obtained title insurance or any formal legal opinion with respect to its properties and there is no guarantee of title. The mineral properties may be subject to prior unregistered agreements or transfers or native land claims, and title may be affected by undetected defects. Cream's mineral property interests consist of mineral claims, which have not been surveyed, and therefore, the precise area and location of such claims or rights may be in doubt. As there are unresolved native land claim issues in British Columbia, the Company's properties and prospects in this jurisdiction may be affected in the future. The Company's mineral properties in British Columbia are early stage exploration, and have no known mineral resources or reserves.

The Casierra Diamond property in Sierra Leone and the Nuevo Milenio property in Mexico also have no known mineral resources or reserves. The title to the Casierra Diamond properties is held by Casierra Diamond Corporation ("CDC") and its wholly owned subsidiary, Casierra Development Fund Inc. ("CDF"). The Company has earned a 70% interest in CDF's interest in two exclusive prospecting licence areas in Sierra Leone. To date, the only sources of funds that have been available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another parties or parties carrying out further development thereof.

***Cream's directors and officers serve as directors and officers of other publicly traded junior resource companies.*** Some of the directors and officers of Cream serve as officers and/or directors of other resource exploration companies and are engaged and will continue to be engaged in the search for additional resource opportunities on their own behalf and on behalf of other companies, and situations may arise where these directors and officers will be in direct competition with Cream. Such potential conflicts, if any, will be dealt with in accordance with the relevant provisions of British Columbia corporate and common law. In order to avoid the possible conflict of interest which may arise between the directors' duties to Cream and their duties to the other companies on whose boards they serve, the directors and officers of Cream expect that participation in exploration prospects offered to

the directors will be allocated among or between the various companies that they serve on the basis of prudent business judgement and the relative financial abilities and needs of the companies.

***We may not be able to insure certain risks which could negatively impact our operating results.*** In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological and operating conditions including rock bursts, unusual or unexpected formations, formation pressures, cave-ins, land-slides fires, explosions, flooding and earthquakes, power outages, labour disruptions, and the inability to obtain suitable or adequate machinery, equipment or labour may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

***U.S. investors may not be able to enforce their civil liabilities against the Company or its directors, controlling persons and officers.*** It may be difficult to bring and enforce suits against the Company. The Company is a corporation incorporated in British Columbia under the *Business Corporations Act (British Columbia)* and, consequently, there is a risk that Canadian courts may not enforce judgements of U.S. courts or enforce, in an original action, liabilities predicated upon the U.S. federal securities laws directly. A majority of the Company's directors and officers are residents of Canada and all of the Company's assets are located outside of the United States. Consequently, it may be difficult for United States investors to effect service of process upon those directors or officers who are not residents of the United States, or to realize in the United States upon judgements of United States courts predicated upon civil liabilities under United States securities laws. It is unlikely that an original action could be brought successfully in Canada against any of such persons or the Company predicated solely upon such civil liabilities under the U.S. Securities Act.

***Cream has been operating in the foreign jurisdictions of Sierra Leone and Mexico, which have different risks than those of British Columbia, Canada.*** Cream's activities in Mexico and Sierra Leone will be subject not only to risks common to operations in the mining industry, but as well the political and economic uncertainties of operating in foreign jurisdictions, namely Mexico and Sierra Leone. This may result in risk such as possible misinterpretation of laws, unilateral modification of mining or exploration rights, operating restrictions, increased taxes, environmental regulation, any or all of which could have an adverse impact upon Cream. Cream's operations may also be affected in varying degrees by political and economic instability, terrorism, crime, extreme fluctuations in currency exchange rates and inflation. Cream's operations and exploration activities in Mexico are subject to Mexican federal and state laws and regulations governing protection of the environment. These laws are continually changing and, as a general matter, are becoming more restrictive.

Certain of Cream's mineral properties are located in Sierra Leone and are subject to its laws and regulations. Mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry and foreign investors in Sierra Leone. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations policies or directives with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, repatriation of income, royalties, environmental legislation and mine safety. The Company may also be required to negotiate mining leases with the Sierra Leone government. Despite clear language in the Mines and Minerals Act, 2003 ("MMA") to the contrary, the government may impose conditions that could affect the viability of a development project such as providing the government with a free carried interest or providing subsidies for the development of local infrastructure or other social assistance. There can be no assurance that the Company's leases and terms on these leases will have commercially acceptable terms or that these mining leases will be successfully enforced in Sierra Leone.

Operations may also be affected in varying degrees by political and economic instability, economic or other sanctions imposed by other countries, terrorism civil wars, guerrilla activities, military repression, crime, extreme fluctuation in currency exchange rates and high inflation. The developing country status and political climate of Sierra Leone will make it more difficult for the Company to obtain any required project financing because individuals and institutions may not be willing to finance projects in this country due to the investment risk.

***Civil war in Sierra Leone in prior years caused delays in obtaining mining leases by the holders of the leases.*** Sierra Leone suffered a major civil war from 1991 to 2002. This resulted in approximately 50,000 deaths and around one-third of the population moving to neighbouring countries as refugees.

The former president, President Kabbah, was elected to office in elections in 1996; however, in 1997 his administration was overthrown by the Armed Forces Revolutionary Council (“AFRC”), a rebel military group, and the democratically elected administration was only reinstated in March 1998 after the intervention of Nigerian-led troops.

There was a second attempt to overthrow the government in 1999 by the Revolutionary United Front (“RUF”) and AFRC, which led to the introduction of United Nations peacekeepers later that year. The Nigerian-led troops then departed and the RUF immediately attacked the United Nations forces, holding hundreds of personnel hostage and capturing their arms and ammunition. After further violent clashes between the RUF and the United Nations troops, the civil war was officially declared to be over in January 2002.

Sierra Leone's National Elections were announced on Saturday August 25, 2007, the certified results of recent presidential and parliamentary elections. The opposition All Peoples Congress (“APC”) party won the majority seats in parliament but no winner was declared for the presidency as 55% of the votes are required by the country's constitution for a first round victory. Since September 17, 2007, as a result of a second round of presidential elections based on simple majority votes on September 8, 2007, Ernest Bai Koroma of the APC was elected president. The term is for five years and is restricted to two five-year terms.

To create an enabling environment for economic development, the Security Council established the United Nations Integrated Office in Sierra Leone (“UNIOSIL”) to assist the Government in establishing a national human rights commission, formulating a national action plan for human rights, expediting the implementation of the recommendations of the Truth and Reconciliation Commission, and strengthening the rule of law, including by promoting independence of the judiciary and enhancing the capacity of the police and the correction system. A stakeholders’ conference, held in December 2005, identified capacity building, legal reform, institutional development and the implementation of the Truth and Reconciliation Commission’s recommendations as prerequisites for the consolidation of peace.

The UNIOSIL Public Information Section (“PI-Section”) supports the overall programmes and activities of UNIOSIL by informing, educating and promoting dialogue among the local population and the international community throughout all phases of the mission’s operations, and, in particular, supports the mission’s efforts to strengthen the peace consolidation process. It is the main link between the mission and the major stakeholders as well as the general public. It is also the main window through which the activities of the UNIOSIL are viewed. The PI-Section has a specific mandate under Security Council Resolution 1620 (2005) to “promote a culture of peace dialogue, and participation in critical national issues through a strategic approach to public information and communication, including through building an independent and capable public radio capacity”.

A human rights commission was established and is now becoming operational. The capacity of civil society, government institutions and the UN Country Team has been built through training and collaborative activities. Sustained monitoring, increased advocacy and sensitization have resulted in improved respect for women and children’s rights and the passage of three gender bills and a child rights bill, as recommended by the Truth and Reconciliation Commission. Considerable progress has also been made in national reconciliation. The Truth and Reconciliation Commission’s report has been widely distributed, and sensitization and consultative meetings with relevant stakeholders have been held to discuss the findings and recommendations.

As UNIOSIL phases out in 2008, the PI-Section will accelerate its efforts to strengthen national capacity, in particular that of the national human rights commission, to assume full responsibility for the promotion and protection of human rights. It will also develop the independence and capacity of the judiciary, the police and corrections system, as the justice system continues to be characterized by delays in trials, prolonged pre-trial detentions, poor prison conditions, and weak prosecutorial capacity. The implementation of the Truth and Reconciliation Commission recommendations will also be a focus of UNIOSIL’s work, as it is a crucial step towards the consolidation of peace. Office of High Commission for Human Rights will actively explore options for a human rights presence in Sierra Leone following UNIOSIL’s withdrawal.

The major stability threat to Sierra Leone has primarily come from the Liberian border area in the southeast. Neighbouring Liberia has suffered from years of conflict, until the October 11, 2005, presidential and legislative elections and the subsequent November 8, 2005, presidential run-off which were the most free, fair, and peaceful elections in Liberia's history. Ellen Johnson became Africa's first democratically elected female president. She was inaugurated in January 2006 and formed a government of technocrats drawn from among Liberia's ethnic groups and including members of the Liberian diaspora who had returned to the country to rebuild government institutions. The

president's party, the Unity Party, does not control the legislature, in which 12 of the 30 registered political parties are represented.

The political situation has remained stable since the 2005 elections. The Government of Liberia has made positive strides aimed at political stability and economic recovery. In order to maintain stability through the post-conflict period, Liberia's security sector reform efforts have led to the disarmament of more than 100,000 ex-combatants, the wholesale U.S.-led reconstruction of the Armed Forces of Liberia, and a United Nations-led effort to overhaul the Liberian National Police. This mandate has been extended to September 2008 and a gradual drawdown will commence in 2008, to last several years. During this period the Government of Liberia and its development partners will focus on creating jobs, attracting investment, and providing education and other essential services to Liberia's communities.

***The infrastructure in Sierra Leone has been seriously damaged by its recent civil war.*** Failure in electrical power and shortages of the supply of diesel fuel, mechanical parts and other items required for the Company's operations occur frequently in the country, but have improved in the past two years. Extended periods without electricity or other necessary elements required to support its operations could have an adverse effect on the Company's business, operating results and financial condition. The Company may need to build its own infrastructure to support its operations.

The fate of the economy now depends upon the maintenance of domestic peace and the continued receipt of substantial foreign aid to supplement government revenues. The working population of Sierra Leone has a literacy rate of approximately 36% and HIV levels are at around 2.5%.

***There is a risk of appropriation of assets in Sierra Leone.*** Given the relatively unstable political environment in Sierra Leone, which is improving, it is possible that the current system of diamond exploration, prospecting and development may change resulting in nationalization or expropriation of the Mineral Licences. While the risk may appear remote at the time, this risk should not be discounted.

***There is a risk of restrictions on repatriation of earnings or capital from Sierra Leone.*** Currently, there are no restrictions on the repatriation from Sierra Leone of earnings or capital to foreign entities. However, there can be no assurance that any such restrictions on repatriation of earnings or capital from Sierra Leone, or any other country where the Company may invest, will not be imposed in the future.

***There are risks in the diamond industry, which may affect the Company.*** There is no assurance that, even if commercial quantities and qualities of diamonds are discovered on the Company's licence, a market will exist for the profitable sale of such diamonds. The value of precious stones, particularly diamonds, varies widely according to size, colour and freedom from flaws. The market price of diamonds and other precious stones is affected by numerous factors beyond the control of the Company, including international economic and political conditions, levels of international supply and demand for diamonds, changes in international investment patterns and global or regional consumption patterns, production costs, costs of substitutes, inventory levels and carrying costs, expectations or rates of inflation, currency availability and exchange rates, interest rates, speculative activities in connection with diamonds and increased production due to improved mining and production methods. If the price of certain stones should drop significantly, the economic prospect of operations in which the Company has an interest could be significantly reduced or rendered uneconomic. In addition, De Beers and the Diamond Trading Company, which is owned by De Beers, retain substantial influence, controlling approximately 40% of the world production of diamonds.

Downturns in general economic conditions and uncertainties regarding future economic prospects have historically affected sales of luxury goods such as jewellery. Accordingly, such downturns or uncertainties in the future or a decline in consumer confidence could have a material adverse affect on the business, financial condition or results of operations of the Company.

***The values attributed to Cream's mineral properties do not necessarily reflect realizable value.*** The amounts attributed to Cream's properties in its financial statements represent acquisition and exploration expenditures to date, and should not be taken to necessarily reflect realizable value.

#### **Risks Relating to an Investment in the Securities of the Company**

***The Company could be deemed a Passive Foreign Investment Company which could have negative consequences for U.S. investors.*** Potential investors who are U.S. taxpayers should be aware that Cream expects to be a passive

foreign investment company (“PFIC”) for the current fiscal year, and may also have been a PFIC in prior and may also be a PFIC in subsequent years. If Cream is a PFIC for any year during a U.S. taxpayer’s holding period, then such U.S. taxpayer generally will be required to treat any so-called “excess distribution” received on its common shares, or any gain realized upon a disposition of common shares, as ordinary income and to pay an interest charge on a portion of such distribution or gain, unless the taxpayer makes a qualified electing fund (“QEF”) election or a mark-to-market election with respect to the shares of Cream. In certain circumstances, the sum of the tax and the interest charge may exceed the amount of the excess distribution received, or the amount of proceeds of disposition realized, by the taxpayer. A U.S. taxpayer who makes a QEF election generally must report on a current basis its share of Cream’s net capital gain and ordinary earnings for any year in which Cream is a PFIC, whether or not Cream distributes any amounts to its shareholders. A U.S. taxpayer who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the common shares over the taxpayer’s tax basis therein. U.S. taxpayers are advised to seek the counsel of their professional tax advisors.

***Cream’s stock price may limit its ability to raise additional capital by issuing common shares.*** The low price of Cream’s common stock also limits Cream’s ability to raise additional capital by issuing additional shares. There are several reasons for these effects. First, the internal policies of certain institutional investors prohibit the purchase of low-priced stocks. Second, many brokerage houses do not permit low-priced stocks to be used as collateral for margin accounts or to be purchased on margin. Third, some brokerage house policies and practices tend to discourage individual brokers from dealing in low-priced stocks. Finally, broker’s commissions on low-priced stocks usually represent a higher percentage of the stock price than commissions on higher priced stocks. As a result, Cream’s shareholders pay transaction costs that are a higher percentage of their total share value than if Cream’s share price were substantially higher.

***The liquidity of Cream’s shares in the United States markets may be limited or more difficult to effectuate because Cream is a “Penny Stock” issuer.*** Cream’s stock may be subject to U.S. “Penny Stock” rules which may make the stock more difficult for U.S. shareholders to trade on the open market. The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in “penny” stocks. Penny stocks are equity securities with a price of less than US\$5.00 per share (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system provided that current prices and volume information with respect to transactions in such securities is provided by the exchange or system.

The Penny Stock Rules require a broker-dealer, prior to effecting a transaction in a penny stock not otherwise exempt from such rules, to deliver a standardized risk disclosure document prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. In particular, the statement must contain:

- (i) A description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;
- (ii) A description of the broker-dealer’s duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of securities laws;
- (iii) A brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price;
- (iv) A toll-free telephone number for inquiries on disciplinary actions;
- (v) The definitions of significant terms in the disclosure document or in the conduct of trading in penny stocks; and
- (vi) Such other information and be in such form, including language, type, size and format, as the Commission shall require by rule or regulation.

The broker-dealer must obtain from the customer a written acknowledgement of receipt of the standardized disclosure document.

The broker-dealer must provide the customer with:

- (i) The inside bid and offer quotations for the penny stock, or other bid and offer price information for the penny stock, if inside bid and offer quotations are not available;
- (ii) The compensation of the broker-dealer and its salespersons in the transaction;
- (iii) The number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and
- (iv) A monthly account statement showing the market value of each penny stock held in the customer’s account.

In addition, the Penny Stock Rules require that prior to a transaction in a penny stock not otherwise exempt from such rules the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. At the present market prices, Cream's common shares will (and in the foreseeable future are expected to continue to) fall within the definition of a penny stock. Accordingly, United States broker-dealers trading in Cream's shares will be subject to the Penny Stock Rules. Rather than complying with those rules, some broker-dealers may refuse to attempt to sell penny stock. As a result, shareholders and their broker-dealers in the United States may find it more difficult to sell their shares of Cream, if a market for the shares should develop in the United States.

***The market for the Company's stock has been subject to volume and price volatility which could negatively affect a shareholder's ability to buy or sell the Company's shares.*** The market for the common shares of the Company may be highly volatile for reasons both related to the performance of the Company or events pertaining to the industry (e.g. mineral price fluctuation/high production costs/accidents) as well as factors unrelated to the Company or its industry. In particular, market demand for products incorporating minerals in their manufacture fluctuates from one business cycle to the next, resulting in change of demand for the mineral and an attendant change in the price for the mineral. The Company's common shares can be expected to be subject to volatility in both price and volume arising from market expectations, announcements and press releases regarding the Company's business, and changes in estimates and evaluations by securities analysts or other events or factors. In recent years the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly small-capitalization companies such as the Company have experienced wide fluctuations that have not necessarily been related to the operations, performances, underlying asset values, or prospects of such companies. For these reasons, the Company's common shares can also be expected to be subject to volatility resulting from purely market forces over which the Company will have no control. Further, despite the existence of a market for trading the Company's common shares in Canada, stockholders of the Company may be unable to sell significant quantities of common shares in the public trading markets without a significant reduction in the price of the stock. Cream's shares have ranged between Cdn\$0.16 and Cdn\$1.38 in the last three years.

***Significant potential equity dilution and end of lock-ups.*** A summary of Cream's diluted share capital is as follows:

Cream has a large number of stock options outstanding (4,194,900 at August 31, 2008), all of which are exercisable at prices ranging from \$0.165 to \$0.54 per share which will likely act as an upside damper on the trading range of Cream's shares. At August 29, 2008, there are 2,669,435 common shares of Cream subject to hold period restrictions in Canada and no shares with hold restrictions in the United States. At August 29, 2008, there are 1,250,000 warrants exercisable at a price of \$0.50 until February 21, 2009; 794,600 warrants exercisable at \$0.55 until November 30, 2008, and then at a price of \$0.65 until November 30, 2009; 724,290 warrants exercisable at a price of \$0.55 until December 10, 2008, and then at a price of \$0.65 until December 10, 2009; 1,091,880 warrants exercisable at \$0.28 until July 8, 2009; and 1,759,635 warrants exercisable at \$0.25 until July 8, 2009, or a total of 5,610,405 warrants at prices ranging from \$0.25 to \$0.65. The resale of outstanding shares from the exercise of dilutive securities would have a depressing effect on the market for Cream's shares. Dilutive securities at August 31, 2008, represent approximately 19.30% of Cream's issued and outstanding shares. Of these dilutive securities, at August 29, 2008, 715,000 (1.41%) of these shares are exercisable at \$0.165, which is the approximate trading price of the common shares at August 29, 2008.

#### **ITEM 4. INFORMATION ON THE COMPANY**

##### **A. History and Development of the Company**

The Company's executive office is located at:

Suite 1400 – 570 Granville Street, Vancouver, British Columbia, Canada, V6C 3P1

Telephone: (604) 687-4622

Facsimile: (604) 687-4212

Email: [info@creamminerals.com](mailto:info@creamminerals.com)

Website: [www.creamminerals.com](http://www.creamminerals.com)

The contact person in Vancouver, British Columbia, is Frank A. Lang, Chairman, President and Chief Executive Officer.

The Company does not have an agent in the United States. The mailing address of the Company is the Company's executive office at the address noted above.

Cream operates directly and also through one wholly-owned subsidiary in Mexico, Cream Minerals de Mexico, S.A. de C.V. ("Cream de Mexico"). It also has three subsidiaries in the British Virgin Islands, Cream Minerals Holdings Ltd., which currently holds the shares of Cream Minerals Sewa Ltd. and Cream Minerals Offshore Ltd., with branch offices registered in Sierra Leone. Title of the licences has not been registered in the name of the companies, and remain registered in the name of Casierra. References to "Cream" or to "the Company" include Cream de Mexico except where otherwise indicated

The Company's fiscal year end is March 31.

The Company's common shares are listed on the TSX Venture Exchange under the symbol "CMA." Cream also trades on the Over the Counter Bulletin Board in the United States under the symbol CRMXF, and trades on the Frankfurt market under the symbol "DFL".

Cream Minerals Ltd. ("Cream", or the "Company") was incorporated under the laws of the Province of British Columbia as Cream Silver Mines N.P.L. on October 12, 1966, with an authorized capital of 3,000,000 shares, each having a par value of \$0.50. By Special Resolution passed on July 12, 1974, Cream cancelled its Memorandum and Articles and substituted a new Memorandum and Articles therefore providing for the limited liability of members and the increase of the authorized capital to 10,000,000 shares with a par value of \$0.50 each. By Special Resolution passed September 24, 1987, Cream again altered its Memorandum, changing its name to Cream Silver Mines Ltd. in its English form and "Mines Cream Silver Ltee." in its French form and amending its authorized share capital to 30,000,000 common shares without par value. By Special Resolution passed September 15, 1994, Cream altered its Memorandum to consolidate its authorized and issued share capital of 30,000,000 common shares on a five-for-one basis into 6,000,000 common shares authorized, and issued common shares were consolidated from 18,707,937 common shares on a five-for-one basis into 3,741,587 common shares; to further increase its authorized capital to 50,000,000 common shares without par value (the "Common Shares"); and to change its name to Cream Minerals Ltd. Cream has been listed on the TSX Venture Exchange (the "TSX Venture"), formerly the Vancouver Stock Exchange ("VSE"), since June 3, 1970. The Company subsequently altered its Memorandum to increase its authorized capital to 500,000,000 common shares. Effective March 29, 2004, the *Company Act* (British Columbia) was replaced by the *Business Corporations Act* (British Columbia). The *Business Corporations Act* (British Columbia) does not require a company's Notice of Articles to contain a numerical limit on the authorized capital with respect to each class of shares. Effective September 21, 2004, the Company altered the authorized capital of the Company from 500,000,000 shares without par value to an unlimited number of shares without par value.

At Cream's request, the VSE placed Cream on inactive status on August 12, 1994. Cream had requested inactive status in order to reorganize its affairs after the British Columbia provincial government placed Cream's Vancouver Island mineral claims adjoining those of Westmin Resources Ltd. in moratorium, and refused to grant Cream a permit to explore these claims. The claims, in Strathcona Park on Vancouver Island, were placed in moratorium in connection with the Strathcona Park area being declared a provincial park in 1972. These actions by the provincial government left Cream with no viable project at the time and with little working capital. The claims currently remain in moratorium. Throughout the early to mid-1970s, Cream initiated several court cases seeking compensation for these claims. The matter was ultimately decided by a decision of the British Columbia Court of Appeal denying Cream's right to compensation. Leave to appeal this decision to the Supreme Court of Canada was refused and Cream was then advised that it was without further legal recourse with respect to its Vancouver Island claims. Recently, the British Columbia Court of Appeal specifically overruled its previous decision in the Cream case. The Company reviewed its legal position in the light of this development, but has been advised that it remains bound by the previous decision.

Following Cream's entry into inactive status, Cream embarked on a reorganization program that included a consolidation of its issued and outstanding share capital and subsequent increase of authorized capital (as described above); a restructuring of the Board of Directors and appointment of new officers; a review of its financial affairs which included completing two private placements for the issuance of a total of 680,000 units, each consisting of one common share and one warrant, at a price of \$0.35 per unit, which raised a total of \$231,000; and a review of its property holdings. During Cream's inactive period, certain of its claim groups in British Columbia were allowed to



lapse, and others were sold off. Following completion of this reorganization, Cream resumed active status on April 11, 1996.

All references to currency are expressed in Canadian Dollars unless otherwise indicated.

Since its incorporation in 1966, the Company has been in the business of acquiring and exploration mineral properties. For most of the past three completed years, and prior to that, the Company has been principally attempting to locate deposits of precious metals in the Province of British Columbia, Canada and Mexico. The Company also has mineral claims in the Province of Manitoba, and in February 2005, entered into an agreement to explore for diamonds in Sierra Leone.

The Company's most significant property is the Nuevo Milenio property, located south of Tepic in the municipality of Xalisco, State of Nayarit, Mexico, which it staked in 2000. In fiscal 2005, the Company received a report recommending an additional exploration program be carried out on the Nuevo Milenio property in Mexico.

During fiscal 2003, Cream entered into several option agreements in the Province of British Columbia and staked claims in the Province of Manitoba. The properties optioned in British Columbia include the Kootenay Gemstone property located in the Nelson Mining Division, British Columbia, the Goldsmith property consisting of 14 mineral units in three (3) mineral claims, located near Kaslo, British Columbia and the Lucky Jack Claim Group consisting of six (6) mineral claims, located near Kaslo, British Columbia. The Lucky Jack Claim Group is adjacent to the Goldsmith Property and shares the same history and geology.

In 1996 Cream entered into several option agreements that resulted in acquiring 100% interest in the Kaslo Silver Property in British Columbia. In 2003 Cream wrote down its deferred acquisition and exploration costs on its 100% interest in the Kaslo Silver property to a nominal carrying value of \$1 to reflect the extended period of inactivity by the Company on the property. The property is in good standing, and at present, minimal exploration is being carried out on the property, other than maintenance of the claims..

The Company and ValGold Resources Ltd., and Sultan Minerals Inc. (the "Companies") each hold a one third interest in two (2) staked claims, namely the Trout and Trout 1 claims, located approximately 130 km east of Gillam, Manitoba (the "Trout Claim Group") and encompassing an area of 256 hectares. Under the terms of the Trout Claim Group agreement, the Companies agreed to make total cash payment of \$110,000 (paid) and issue 200,001 common shares (66,667 shares in the capital of each of the three companies), all of which were issued, to the optionor over a 36-month period from July 22, 2004. Upon earning its 75.0% interest, the Companies and the optionor would enter into a 75:25 joint venture for the further exploration and development of the Trout Claim Group. The joint venture agreement has not yet been completed. The Companies have reduced the Stephens Lake claims held to the Trout Claim Group, and are reviewing their options with respect to the property.

In fiscal 2005, the Company also entered into an agreement with Casierra Diamond Corporation ("CDC") and its wholly-owned subsidiary, Casierra Development Fund Inc. ("CDF") (collectively, Casierra") to earn an interest in production from two exclusive prospecting licence areas for diamonds and other minerals and metals in Sierra Leone, West Africa. Under the terms of the agreement, Cream has earned a 70% interest in the CDF's interest in the two licence areas, by issuing a total of 500,000 common shares, and incurring exploration costs of US\$800,000. A joint venture is to be formed between the parties and each party will contribute to further expenditures on the property in accordance with its interest. The president of the Company holds approximately 33% of the issued and outstanding shares of CDC, incorporated in British Columbia.

In March 2006, the Company entered into an option agreement to acquire 100% interest in the Wine Claim, MB 3964 and Wine 1 Claim, located approximately 60 kilometres southeast of Flin Flon, Manitoba. The Company can earn its interest by making payments totalling \$105,000 (\$25,000 paid) and issuing 200,000 common shares (100,000 issued) over a 48-month period. Subsequent to March 31, 2008, the Company issued 50,000 common shares and made a cash payment of \$40,000, pursuant to the option agreement. The Company must also incur exploration expenditures on the property of \$5,000 annually for four years. On completion of these obligations, the property will be subject only to a 2.0% NSR royalty payable to the optionor from the production of gold, silver and all base metals and other minerals. The Company has the right to reduce the NSR royalty to 1.0% by the payment of \$1,000,000 to the optionor at any time up to and including the commencement of commercial production.

In October 2007, the Company entered into an option agreement to acquire 100% interest in the Grand Nickel Project, being the Cedar 1, MB7355 and MEL 324B claims, located in the Thompson Nickel Belt, approximately 40

kilometres north-west of the town of Grand Rapids, Manitoba. Cream has the exclusive right and option to earn a 100% interest in the property by making payments totalling \$105,000 and issuing 200,000 common shares to the optionor over a 48-month period. The Company is to make cash payments to the optionor of \$10,000 on regulatory approval (paid); \$15,000 one year following regulatory approval; \$40,000 two years and \$40,000 three years following regulatory approval. The Company is to issue at its option a total of 200,000 common shares as follows: 50,000 common shares upon regulatory approval (issued); and 50,000 common shares annually on the same payment dates as the cash payments noted above. The Company must incur exploration expenditures totalling \$5,000 within one year following the date of regulatory approval, \$10,000 cumulative on or prior to the second anniversary; \$15,000 cumulative on or prior to the third anniversary; and \$20,000 cumulative on or prior to the fourth anniversary of regulatory approval. Upon completion of the terms, the property will be subject to a 2.0% NSR payable to the optionor from the production of gold, silver and all base metals and other minerals derived from the property. The Company has the right to reduce the NSR to 1.0% by making a payment of \$1,000,000 to the optionor at any time up to and including the commencement of commercial production.

As reported by W.S. Ferreira Ltd., the property contains an electromagnetic conductor within a large magnetic anomaly. A diamond drill hole (GR-2-83) drilled by Granges Exploration Ltd. in 1983 intersected over 600 feet of ultramafic rocks with significant intersections including: 0.48% Nickel over a core length of 8 feet and 0.45% Nickel over a core length of 10 feet. True width of the intersections is not presently known. The property covers 20 square miles.

A VTEM survey was flown over the Wine Property and the Company's Cedar Property in the late spring of 2008. A report on the survey has been received showing several significant EM conductors on the Wine Property. The Company is planning additional work including diamond drilling for the Wine Property.

Mr. A. J. Spooner, P.Eng. of A.J. Spooner Exploration Services, Inc., Flin Flon, Manitoba, is the Qualified Person for NI 43-101.

Cream's principal capital expenditures and divestitures (in 000's) over the three fiscal years ended March 31, 2008, are as follows:

<b>Year</b>	
(i) Amounts Deferred (capitalized or invested)	
2008	984
2007	2,514
2006	791
(ii) Amounts Written Down	
2008	1,586
2007	--
2006	173
(iii) Amounts Expensed as Property Investigation Costs	
2008	2
2007	12
2006	--

The principal capital expenditures (in 000's) currently anticipated for the ensuing year are as follows:

## Exploration Projects

2008/9 Activities

\$2,000

### B. Business Overview

#### General

Cream is engaged in the exploration of natural resource properties and has been so engaged since its inception in 1966. Over the past five years, until the year ended March 31, 2008, Cream primarily focused its efforts in the Province of British Columbia, Sierra Leone and in Mexico.

In 1999, Cream entered into an exploration program on the Nuevo Milenio property, State of Nayarit, Mexico. Cream explored the Nuevo Milenio property until the year ended March 31, 2005, at which time it wrote the property down by \$1,523,030 to a nominal carrying value of \$1. A report prepared in late 2005 recommended further work, and after an additional \$59,655 in exploration costs was written off relating to the Nuevo Milenio property in the first half of the year ended March 31, 2006, the Company re-commenced exploration on the Nuevo Milenio property and started capitalizing exploration expenditures again at that time. Exploration has been carried out since that time.

A property agreement was entered into during the year ended March 31, 2005, on the Fenix Property in Mexico. After an unsuccessful drilling program, the property was written off by \$472,948, and the property was returned to the optionors. An additional \$113,042 in exploration expenditure incurred and written off in the year ended March 31, 2006.

In fiscal 2003, Cream entered into three option agreements on mineral property interests in the Province of British Columbia, the Kootenay Gemstone property and the Goldsmith and Lucky Jack properties, which are contiguous to each other. The Company also has a 100% interest in the Kaslo Silver property, which it has held since 1996.

In fiscal 2005, the Company also entered into an agreement with Casierra to earn a 70% interest in production from two exclusive prospecting licence areas for diamonds and other minerals and metals in Sierra Leone, West Africa, which it earned in the year ended March 31, 2007. Under the terms of the agreement, Cream earned its 70% interest in the property by completing exploration expenditures totalling US\$800,000 and issuing 500,000 common shares. A joint venture will now be formed between the parties and each party will contribute to further expenditures on the property in accordance with its interest. The Company wrote down the carrying value of the Sewa River onshore claims to a nominal value of \$1 and is reviewing its options with respect to the claim.

The president of the Company holds approximately 33% of the issued and outstanding shares of CDC, incorporated in British Columbia, and it's wholly owned subsidiary company, CDF, also incorporated in British Columbia.

In fiscal 2007 and 2008, the Company entered into option agreements to acquire up to 100% interest in two mineral property interests in the Province of Manitoba, the Wine claims and the Grand Nickel Project.

All of the exploration properties and property agreements on properties remain in good standing, or are in the licence renewal process. Exploration programs continually require additional funds and there is no certainty that such funds can be raised. Cream's properties are without a known body of commercial ore, and Cream's activities on such properties to date have been exploratory in nature.

## Cream Minerals Ltd. Property Location Maps



The prices of common shares of junior exploration companies are indirectly tied to metal prices, including gold prices which have fluctuated in the past ten years. This affects exploration activity. The ability to raise funds for exploration in a venture capital company is affected by factors such as the price of gold, a factor over which the Company has no control. Annual average, high and low gold prices since 1996 are shown below, which shows the fluctuation in the price of gold. Metals prices also affect the rate of return on a mining property that may reach the development stage over the longer term.

Year	Average price per ounce (US\$)	High price per ounce (US\$)	Low price per ounce (US\$)
1996	388	415	367
1997	331	362	283
1998	294	313	283
1999	279	326	253
2000	279	313	264
2001	271	293	256
2002	310	349	278
2003	363	416	320
2004	410	454	375
2005	445	537	411
2006	603	725	525
2007	695	841	608
2008 (to August 31)	906	986	786

Cream does not have any operating revenue although historically it has had minor interest revenue as a consequence of investing surplus funds pending the completion of exploration programs.

### **C. Organizational Structure**

The Company currently has two direct wholly owned subsidiaries, Cream Minerals de Mexico, S.A. de C.V., incorporated in Mexico, and Cream Minerals Holdings Ltd., incorporated in the British Virgin Islands. Cream Minerals Holding Ltd. holds two subsidiaries, Cream Minerals Sewa Ltd. and Cream Minerals Offshore Ltd., incorporated in the British Virgin Islands, with branch offices registered in Sierra Leone. Unless the context otherwise requires, references herein to the “Company” or “Cream” includes the subsidiaries of the Company.

## D. Property, Plant and Equipment

The Company has mineral exploration interests in mineral properties in Canada, Mexico and Sierra Leone. The Company has acquired a 70% interest in the Casierra Diamond licences in Sierra Leone. The Company is presently renewing the licences, pursuant to the mining regulations in Sierra Leone. The Company's mineral property interests in Canada and Mexico are in good standing and all payments on the properties are up to date.

None of the Company's projects have known reserves, and its proposed programs are exploratory in nature.

### 1. Casierra Diamond Property, Sierra Leone

#### Property Description



CDF has been working in Sierra Leone since 1993 and obtained its first prospecting licence on the Sewa River, which drains the Kono diamond area. Kono is an important centre of diamond production in Sierra Leone with a high percentage of gem quality diamonds coming from kimberlite and alluvial sources. Extensive alluvial diamond exploitation has been carried out upstream of the CDF licence. In late 1994, CDF obtained its second offshore special Exclusive Prospecting Licence ("EPL") at the mouth of two rivers with extensive alluvial diamond mining activity, the Moa and the Mano.

In March 2005, Cream entered into an agreement with CDC and its wholly-owned subsidiary, CDF, to acquire an interest in the two large exploration licences, subject to government approvals. Casierra holds a 100% interest in the Hima Licence EPL 1/94 and a 90% interest in the Offshore Marine Licence EPL 5/94. The Company earned a 70% interest in the licences by financing US\$800,000 in work and issuing 500,000 common shares. The two licences include the Hima Licence EPL 1/94 on the Sewa River and its banks, and an offshore licence, EPL 5/94 at the mouths of the Mano and Moa rivers in southern Sierra Leone.

A form of joint venture is to be constituted between the two parties by which each party will contribute to further expenditures on the property in accordance with its interest, but the formal joint venture agreement has not yet been finalized. If the optionor is unable to fund its share of joint venture expenditures, Cream has agreed to advance funds on its behalf, such advances to be repaid, with interest at LIBOR plus 1%, out of 80% of the optionor's share in the net proceeds of production from the property prior to any other distribution to the optionor.

The Hima licence is located on the Sewa River downstream from the prolific Kono diamond fields and more than 80 kilometers of alluvial diamond workings in river terraces and active channel gravels. The Sewa channel on the licence serves as a large natural sluice box as it is the first segment of the river where the rate of flow is reduced from the higher velocities in the rapids upstream. The channel is crossed by several ribs of diabase dykes and the foliation of the underlying metachists, which together form natural riffles in the natural sluice box. The combination of water velocity drop and riffles was the reason the area was selected as being highly prospective in 1994 by CDF. This licence was chosen, in the belief that certain segments of the river channel have not been previously mined by artisanal operators due to the depth of the water (3-5 meters) and a government policy of reserving the licence area for industrial-scale dredging, but the Company has since ascertained that certain segments

of its licence have been mined by artisanal miners. There are many areas on the claim that have not been tested or mined. The Company has not been able to fully explore this area as of the date of this Annual Report, but at this time is not certain whether additional exploration will be undertaken directly by the Company on the Hima licence.

A Technical Report on the Casierra alluvial diamond properties EPL 1/94 (Hima prospecting license area) and EPL 5/94 in Sierra Leone, West Africa was written by Mr. Charles K. Ikona, P.Eng., Pamicon Developments Ltd. of Vancouver, Canada, who was requested to examine the licenses and prepare a report in accordance with Canadian National Instrument 43-101.

Mr. Ikona visited EPL 1/94 and EPL 5/94 from March 18 to 28, 2005, and also held discussions with government representatives. EPL 1/94 covers approximately 10.5 km of the Sewa River channel along with adjoining flats and terraces up to 1.4 km wide. The Sewa River has a long history of diamond production from alluvial sources with EPL 1/94 containing one of the last portions of the diamondiferous sections of the river which has not seen extensive hand mining by natives (Hall, 1966). Within the lease, the river has a relatively low gradient, but is surrounded both upstream and downstream by sections of the river with much steeper, rapid forming gradients.

A report written for the Geological Survey of Sierra Leone "The Diamond Fields of Sierra Leone" (P.K. Hall, ARSM, BSc, AMIMM), Hall (1966) reports production from 1950 to 1965 on the section of the river above EPL 1/94. Based on extensive study of the Sewa River placers and very minor sampling, Hall presented an estimate for the section of the river contained within EPL 1/94.

In his Technical Report, Mr. Ikona discusses Hall's historical reserve estimates, and notes "These are historical reserves only and do not conform to guidelines for resources and reserves according to NI 43-101, nor should it be assumed that any such resource or reserves will be developed on the license." He notes, however, there seems to be little doubt that diamondiferous gravels are present on the lease and accordingly recommends a two-phase exploration and development program.

Mr. Ikona reports that "Sampling to date is very encouraging, but has been on a wide spread basis and not sufficient to allow estimates of potential for the lease. The lease at this time contains no mineral reserves or resources and it cannot be assumed that further work will develop any such reserves or resources."

He reports, however, that results of the programs to date are sufficient to justify further work and recommends a two-phase program. Work carried out in 2007 and the spring of 2008 was a bulk-sampling program on the Sewa River claim. Costs were higher than budgeted for all programs due to logistics, lack of infrastructure and other difficulties in working in an undeveloped country.

Initial work on the Hima Exclusive Prospecting Licence was a survey defining the property boundaries. A field camp was constructed near the village of Hima and in 2005 a Banka drill program was carried out to define the distribution of gravels in terraces and flood plain areas on the Hima licence. This sampling identified thicker gravels than indicated in the Hall Bulletin, a prior report on the licences discussed by Mr. Ikona in his report. An initial evaluation of the river potential was completed during the period of low water in April-May 2005 when gravels behind a crosscutting dyke in the central part of the licence area were found to be thicker than projected in the Hall Bulletin. Because diamonds are closer in density to the associated gravels than gold would be, the gems would be expected to be distributed throughout the gravel beds and therefore this work indicated that there may be a larger volume of diamondiferous gravels available than indicated in the Hall Bulletin.

In fiscal 2007, the Company assisted in the construction of a bridge near the Company's onshore licence by providing materials. The bridge construction was a joint venture with three village groups and allows access for heavier equipment and vehicles to the advantage of both the traditional landowners and Cream in its exploration work.

In Sierra Leone, a large fenced campground was completed at the Hima town site and a 400-metre road built to the Sewa River. After overcoming numerous transport delays all equipment required to maximize the search for and recovery of alluvial diamonds, bulk sampling commenced in May 2007 on the Sewa River Licence which had not had exploration work since the summer of 2005.

The first three bulk samples taken under the Sewa River Exploration Licence sampling program successfully confirmed estimates of diamond grades as reported by the Geological Survey of Sierra Leone. Three bulk samples of approximately 6 cubic meters of diamondiferous alluvial products yielded ten (10) individual diamonds whose

total weight averaged 0.55 carats per cubic meter. This grade is comparable to historical estimates of Hall (1966) for the mineral potential of this licence EPL 1/94.

The ten individual stones recovered included seven good clarity white and pale gold coloured stones and three coated stones. They were hand screened down to a 1.5 mm mesh and were weighed with a high precision portable diamond balance under still air conditions at the field camp. They varied in weight from 0.54 carats to 0.054 carats. The weighing accuracy of the balance is indicated to be within  $\pm 0.002$  grams (0.01 carats).

The samples were taken from the active sediments of the Sewa River, which is more than 500 meters wide with large islands formed downstream of several of the diabase dykes that cross the river at right angles to its course. Water levels in the Sewa were exceptionally low this year, exposing nine of these dykes in sand bars in the downstream part of the 10-kilometre stretch of the River covered by this exploration licence. Several dykes are also known on the upstream sector of this licence from a traverse by inflatable boat during this work. The dykes act as giant natural riffles across the full width of the riverbed, causing the concentration of heavy minerals such as diamonds and gold.

Minerals associated with the diamonds include lilac coloured garnets, possibly of the pyrope range that are an indicator mineral for kimberlitic rocks, collanda (a local name for ilmenite and iron oxide gravel fragments with similar density to the target diamonds) and some fine grained flake gold. Close to the downstream boundary of the licence, artisanal miners were recovering sufficient gold to justify their hand mining efforts. A request was made to the Mines Department to include gold in the permitted minerals of the diamond exploration licence.

Casierra applied for a small miner's licence, with local miners, on a section of the Sewa River so that all diamonds recovered in this work could be given a certificate of origin and the Company would be able to comply with the full Kimberley Process of identifying the provenance of rough stones and pay appropriate royalties. This permitted the Company to export any rough diamonds that might be recovered from exploration from Sierra Leone and define value by actual sales.

In February 2008, a crew was mobilized in Sierra Leone and a bulk sampling program was commenced. Initial work on the claims was encouraging, but it was discovered that both artisanal and local miners have been working the claims for several years unknown to the Company, and hence the three test areas examined did not give the recovery of diamonds expected.

In the 2008 program, the Company's export parcel included 112 stones with a total weight of 53.93 carats. An independent value estimate of US\$10,701 from the Government Gold and Diamond Office (GGDO) of Sierra Leone was attached. This value estimate is the basis upon which the 6% royalty on diamonds payable to the Government of Sierra Leone is established. The Company believes that the process is now recognized as a well established norm for the country and will assure a timely movement of rough diamonds from further production. More than 90% of the stones (by weight) are considered to be of gem quality.

The 2008 program of test mining on the Sewa River licence area was undertaken on the flanks of two of the five largest diabase dykes that cross the 500 meter wide river. The success of the program was in large part due to good cooperation between the Company and the local landowners. Some infrastructure work including road maintenance and bridge construction was also completed which improves access for the operations and the villages along the Sewa River. There are many untested areas, but work was halted with the approach of the rainy season and higher water levels.

An environmental study and application for conversion to a full mining licence will be necessary for the next stage of exploration on the Sewa Licence. Meanwhile, the Company is reviewing its options with respect to the Sewa claims. All dredging and concentrator plant equipment have been re-located to a secure storage facility. If the Company is successful in finding a venture partner to assist in the exploration of the onshore claims, the basic infrastructure is still in place.

#### Offshore Licence

Phase 1, completed in June 2005, was a detailed magnetometer survey over portions of the offshore lease indicated by the 1995 geophysical work as possible paleo channels employing a state-of-the-art total field magnetometer. The magnetometer survey was designed to obtain sufficiently detailed data to plan a bulk-sampling program in the next phase of work necessary to develop the first target of many on the offshore licence. Magnetic heavy minerals in the

younger marine sediments occur as concentrations in the marine sediments that are derived from the diamondiferous gravels transported into the ocean by the Mano and Moa rivers. For millions of years these rivers have been conveying this material from diamond-bearing kimberlitic sources less than 150 kilometers upstream in Sierra Leone, Guinea and Liberia. The partially weathered magnetite grains would be expected to have a density close to that of diamonds (3.55 gms/cc) so this concentration would be expected to include diamonds amongst the heavy minerals. Three anomalies indicate areas of heavy mineral concentrations over 2 square kilometers each in size. The total area thus identified would have a volume of approximately 8,000,000 cu m per meter of depth, located within a small part of the 88 square kilometer licence. Modeling of the magnetic data will allow estimates of thickness of the heavy mineral rich zones and serve to guide the next phase of sampling.

The post-survey data processing indicated five areas where bulk sampling should be undertaken.

The following description of these five areas is taken from the conclusions of the report.

1. A submarine paleo-shoreline of 6,000 m length and associated with it a magneto-active layer of 100 to 400 m width and thickness of 1 to 3 meters.
2. Channels cutting across the paleo-shoreline that are short life channels carrying fluvial sediments.
3. A sector within a high-frequency part of the area with an anomalous magnetic field shows some distinct and well-correlated zones that can be followed from survey line to line in the recent/present deposition of the fluvial sediments onto the sea floor. These features are approximately from 1,500 m wide and more than 2,500 m long in size, with a thickness of up to 5 meters.
4. A submarine paleo-distributary fan of the river within the NW part of the survey area. The size of the identified area is 800 by 1,100 meters and has a thickness of 5 to 10 meters. The depth of the magneto-active body is 10 to 40 meters.
5. A larger body of 800 x 900 meters with a thickness of 210 meters was identified by results of mathematical modelling in the area of a main distributary channel.

In the lower reaches of the Moa, active river channel gravels are reported to have a grade of 0.5 carats per cu meter (Hall, P.K., Bulletin 5, The Diamond Fields of Sierra Leone, Sierra Leone Geological Survey). There is considerable alluvial mining activity on the Mano River (see Google earth) that suggests payable grades in that river, which also drains areas with kimberlite dykes and possibly pipe structures. Fluvial sediments in the two rivers should be similar to those deposited from the rivers onto the seafloor.

On EPL 5/94, a charter was arranged for a 40-meter ship to serve as a platform for a bulk sampling program completed in December 2006. The bulk sampling programme identified strong sea currents as a constraint on the use of conventional ship-borne sampling tools. Specifications of dredging equipment indicated that it would be feasible to lift slurry up to a screen deck on the back deck of a local 40 meter fishing boat chartered for the work. In practice, it was found that the ship could not be stabilized with the anchor system supplied. Slurried sediments were collected in a double length oil drum arrangement with screening to facilitate reduction of water in the collector. Sampling lifted material with a suction head that was usually traversing across 3-30 meters of seafloor, depending upon current strengths. The currents are an important factor in the concentration of diamonds in the marine sediments because they can winnow away light fine sediments.

Material lifted included organic debris, shell and clay fragments with occasional penetration into coarser clastic sediments. When the clay was penetrated, clay balls up to 7 inches in diameter were lifted into the modified collection system, followed by coarse pebble sized sandstone concretions that individually weighed up to 1-2 lbs and coarser sands from beneath the clays. It is estimated that the maximum penetration achieved was in the order of one meter.

Heavy frothing resulted from the necessary use of high volumes of water to lift the slurry. It is believed that the shallow depths sampled and flotation by the froth of any diamonds in the slurry contributed to the inability to recover diamonds with the methods used. This flotation effect is well recognized by local miners and they too require capture of all of the sample slurry for treatment, since loss of fines and lighter fractions, including froth-attached diamonds by overflow, will carry diamonds out with the overflow.



Application is being made to extend the term of the Marine exploration licence for a further two years as provided for in the regulations in order to permit time for a bulk sampling program later this year.

Mr Val Collier has been confirmed as Country Agent for Cream to assist in forwarding the projects in Sierra Leone. As a respected career civil servant and former Commissioner of the Anti-Corruption Commission, he brings a strong element of corporate social responsibility to the operations going forward. Application has been made to enter the Sewa and the Marine Alluvial projects into two separate BVI companies, which will allow the Cream group of companies to operate with more flexibility in Sierra Leone. KPMG Partners in Freetown assisted with the registration of the Cream BVI companies in Sierra Leone, which was completed at the end of April 2008.

Baseline studies for the purpose of developing data for an environmental impact assessment for a marine mining operation were also started. The initial work shows no major constraints to such an operation. Fishing communities along the coast were consulted during this baseline data gathering in order to develop a working relationship with the people whose precarious livelihoods are based on the same area of the Atlantic Ocean. Fishery enhancement is a potential long-term benefit that marine mining operations may be able to achieve without significant additional costs if built into the mining plan at an early stage.

Diamond products that may be recovered in the course of any of the Company's exploration programs will be submitted to the Sierra Leone Government Gold and Diamond Office for valuation. This valuation will be used as a basis for determining the value of the samples processed and incorporated in the economic evaluation of the first target area. As neither Casierra nor Cream is in receipt of a Mining Licence, the stones may not be sold at this time, but can be exported for the purpose of further valuation.

Expenditures incurred on the Casierra property in fiscal 2008, with the 2007 numbers in brackets include the following: Acquisition costs - \$23,825 (\$99,000); community relations - \$1,582 (\$41,327); assays and analysis - \$1,630 (\$3,409); dredging and bulk sampling - \$209,233 (\$464,781); geological and geophysical - \$98,872 (\$181,500); site activities - \$698,330 (\$173,102), stock-based compensation - \$107,225 (\$Nil); and travel and accommodation- \$236,037 (\$202,723). Amortization of the equipment is capitalized and included in site activities.

Cream wrote down the onshore property by \$1,586,240 to a nominal carrying value of \$1, as the expected recovery of diamonds was lower than expected, and the recoverability of costs incurred to date is uncertain.

Mr. Benjamin Ainsworth, P.Eng., President of Ainsworth Jenkins Consultants Ltd. is the President of both CDF and CDC, and will continue to be the operator on the property.

## **2. Mexico Exploration Properties**

### **a. The Nuevo Milenio Property, Nayarit, Mexico**



The Nuevo Milenio property is located south east of the city of Tepic in the State of Nayarit, Mexico. The property covers several overlapping calderas defined by rhyolitic ring dykes and rhyolite domes. Work on the property from 2000 to 2004 was concentrated within the five-km diameter Nuevo Milenio Caldera. A report on an Enzyme Leach orientation study was completed by Dr. G. H. Gale, P. Eng., province of Manitoba, to determine if partial leach analytical methods could be used in delineating exploration targets. Dr. Gale recommended that the three targets, Once Bocas, Cafetal and South Once Bocas areas be more fully investigated with a partial leach survey to establish potential drill targets in these areas of alteration, disseminated mineralization and silica stockworks. The cost of the

recommended work was estimated to be US \$150-175,000, exclusive of a follow-up drill program. Dr. G. H. Gale, P.Eng., is a “Qualified Person” for the purposes of National Instrument 43-101.

After receiving the report, and reviewing the results in conjunction with other mineral property interests held by the Company, the Company determined that it was not going to conduct further exploration on the property in the foreseeable future, due to financing constraints and exploration of other mineral property interests, and as a result the property was written down by \$1,523,030 in fiscal 2005 to a nominal carrying value of \$1. The size of the Nuevo Milenio property was reduced by the CMM 1 claims and the remainder of the claims were reduced in size by approximately 33% to reduce carrying costs on the property, which primarily involves payment of taxes relating to the concessions held.

Drilling commenced on the Dos Hornos zone in late 2006. Drill intersections show that Dos Hornos Vein 1 is a structural zone from 20 m to 40 m wide hosting several parallel, mineralized veins, breccia faults and quartz stockwork zones. The economic width needs to be defined by an assay boundary.

Diamond drill holes DDH 03, 04, 05, 06, 07, 08 and 13 were drilled beyond the faulted off section of Zone #1 and did not intersect the Dos Hornos Zone #1. These seven holes intersected parallel quartz veins with no significant gold or silver values. The Dos Hornos Zone is known to be offset to the northeast by faulting.

In January 2007, the focus of the drill program was shifted to in-fill drilling followed by drill testing the segment between Section 5 (Trench 3) to Section 12 (Mina Santa Gertrudis). This resulted in tracing the gold-silver bearing segment of Dos Hornos Zone 1 for a total horizontal distance of 1,300 m (4,260 ft), and established that the structure carries gold-silver mineralization over a known vertical distance of 385 m (1,263 ft) from the bottom of DDH 03-06 at 925 m (3,034 ft) to the collar of DDH 20-06 at elevation 1,310 m (4,296 ft). In many cases, drill recovery was poor and it is believed that underground bulk sampling will provide more accurate grade results. Almost all holes were drilled at -45° and to an average depth of approx 200 meters.

The Company completed 31 diamond drill holes along the Dos Hornos 1 Zone for a total of approximately 5,200 metres. Drilling in 2007 focused on the southeast section from Trench 4 to Mina Santa Gertrudis, a strike length of 1,350 m. The zone has been traced for an additional 500 m to the southeast and is still open.

Diamond drilling has established that the additional “Inferred Mineral Resources” located within the Dos Hornos segments 1 and 2 and Veta Tomas, a newly defined and higher grade vein, were originally thought to be Dos Hornos Segment 3. The segment consists of a composite zone of four higher grade individual bifurcating veins within a 10 to 20 meter wide mineralized quartz stockwork envelope of lower grade silver-gold content.

The apparent brecciated, sheared and broken nature of the mineralized zones has reduced diamond drill core recovery to between 20% to 80% in some sections, with the resultant loss of sulfides, and grade, by washing. The ultimate silver-gold grade will have to be determined by underground cross-cutting and channel sampling.

For the purpose of defining the higher grade sections (Veins 1 to 4) the assay cut off grade used was 60 g/t Ag, or 30 g/t Ag plus 0.4 g/t Au. The inferred mineral resources are calculated using diamond drill sections to define blocks of mineralization that include all underground workings, surface trenches etc within the volume of influence of the block, to calculate a volume weighted average grade for the block.

Summarized below are the “Total Inferred Mineral Resources” at Nuevo Milenio Dos Hornos – Veta Tomas inclusive of the Once Bocas zone:

**Inferred Mineral Resource Dos Hornos – Veta Tomas: (NI 43-101, January 30, 2008)**

6,328,200 Tonnes, Au: 245,600 oz, Ag: 30,631,700 oz

**Inferred Mineral Resource Once Bocas: (NI 43-101, February 16, 2006)**

11,590,000 Tonnes, Au: 129,000 oz, Ag: 21,600,000 oz

**ALL INFERRED MINERAL RESOURCE DOS HORNOS, VETA TOMAS AND ONCE BOCAS:**

17,920,000 Tonnes, Au: 374,600 oz, Ag: 52,212,000 oz

Mr. Ferdinand (Fred) Holcapek, P. Eng., is supervising exploration programs on the Company's Properties in Mexico and is the Company's "Qualified Person" for the purpose of National Instrument 43-101. Mr. Holcapek is responsible for the technical information, which has been vetted by Dr. A. D. Drummond P. Eng., consultant to the Company.

**See Page 5 for information relating to Inferred Resources. Inferred Resources are defined in accordance with CIM Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council on December 11, 2005, as follows: "An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits workings and drill holes."**

Expenditures incurred on the Nuevo Milenio property in fiscal 2008, with the fiscal 2007 numbers in brackets include the following: assays and analysis - \$16,889 (\$13,348); drilling - \$391,483 (\$591,172); geological and geophysical - \$149,596 (\$152,119); site activities - \$133,778 (\$135,820); stock-based compensation - \$60,751 (\$33,153); and travel and accommodation - \$31,753 (\$44,906).

#### **b. Fenix and La Fenix 2 Gold-Silver Properties, Mexico**

In fiscal 2005, Cream entered into an option to purchase agreement to acquire a 51% right, title and interest in the "Fenix" and "La Fenix 2" gold-silver properties, located in the State of Nayarit, Mexico.

After a total of four holes were drilled, the results did not meet the Company's expectations, the property was returned to the optionors, and costs of \$472,948 were written off. Additional costs incurred in fiscal 2006 of \$113,042 were also written off.

### **3. Canada Exploration Properties**

#### **a. Kaslo Silver Property**

##### **Introduction**

The 100% owned Kaslo Silver Property encompasses nine former high-grade silver-lead-zinc mines located in south-eastern British Columbia, Canada. The various mines operated at different times during the period from 1895 to 1966. The property currently consists of 7 modified grid claims, 13 crown grants, 8 reverted crown grants, 37 two-post claims and one mining lease of three units, for a total 160 units.

Cream acquired the property in 1996, and in 1997 a trenching program successfully intersected bedrock in three areas; the Silver Bear zone, the Gold Cure zone and the south extension of the Cork Mine, which was followed up with diamond drilling in late 1997. In 1998 and 1999, expanded exploration programs consisted of geophysical (VLF-EM and gravity) surveys, soil sampling and geological mapping. The exploration programs led to diamond drilling at 6 locations: the Cork South, Silver Bear, Gold Cure, Bismark, Gibson and Black Bear zones.

Results identified two large mineralizing structures referred to as the Cork and Gold Cure Shear Zones. Due to low silver and base metal prices the property was dormant from 1999 to 2004.

In October 2004 Cream commenced a diamond drill program on the Kaslo Silver Property. This two-hole drill program was designed to test the lateral and down dip extensions of the high grade silver mineralization found within the strongly faulted Silver Bear shear structure. Diamond drilling was suspended after attempts to drill through the highly mineralized fault zone were unsuccessful. The initial drill hole was abandoned at 34 metres when the drill proved incapable of coring the shear zone. A second steeper angled drill hole was successful in intersecting the hanging wall of the mineralized shear structure. However, the second hole did not penetrate through the entire width of the shear zone and did not intersect the high-grade footwall mineralization.

Although the drill holes did not reach their proposed depth, the width and intensity of the intersected shear structure is very encouraging. Prior drilling by Cream in 1998 returned values up to 2,271 g/t silver over 0.51 metres within a 3.25 metre interval that assayed 390.05 g/t silver from drill hole 98SB-05. The highest silver values intersected in the previous drill program were obtained from the strongest part of the shear zone tested during that program. These

step-out holes intersected what appears to be broader and more intense shearing that may be related to higher-grade silver values.

### **Location and Access**

The 4,000-hectare Kaslo Silver Property is located 12 kilometres west of the town of Kaslo in southern British Columbia. Access to the Kaslo Silver Property is via Highway 31A for seven kilometres west from Kaslo, then 4.5 kilometres southwest along Keen Creek Road to the property boundary. The property lies along the Keen Creek Road for approximately 10 kilometres. Logging roads and numerous old mining roads and trails, some of which are heavily overgrown, bisect the property. Power lines come to within 4 kilometres of the property boundary, and water is abundant throughout.



### **Physiography**

The Kaslo Silver Property is located in an area of rugged mountainous terrain. Topography on the property is steep with elevations ranging from 1,050 metres along the Keen Creek valley to 2,200 metres on the Gold Cure ridge.

The Keen Creek valley runs along the northwest boundary of the property, with numerous tributaries crossing the property and emptying into Keen Creek. The major tributaries, from northeast to southwest are Ben Hur, Briggs, Klawala, Kyawats and Desmond Creeks.

### **History**

The Kaslo Silver Property includes nine former, small mines, which were originally discovered and worked for high-grade silver ores during the heyday of the Slocan Mining Camp at the end of the 19th century. Intermittent exploration, development and production have taken place at various locations on the property since that time, most notably in the 1920s and 1950s. The Cork-Province Mine was consolidated in 1914 and was the longest-lived producer in the camp when it closed in 1966. Five former workings, the Silver Bear, Hartford, Gibson, Gold Cure, and Bismark are situated along the Gold Cure Shear Zone, which has been traced northeast across the property for 7.1 kilometres. Five additional workings, the Black Bear, Cork, Province, Dublin and Black Fox workings lie along the parallel 4.1 kilometre long Cork Shear Zone, located in the Keen Creek valley approximately one kilometre north of the Gold Cure Shear Zone. Both shears are open along strike to the north and at depth.

### **Geophysics**

Since it acquired the property, Cream has completed 51.7 kilometres of VLF-EM geophysical coverage over the mineralized Cork and Gold Cure Shear Zones. The geophysical surveys clearly define the location and extent of the controlling shears, as they are very conductive by nature.

In 1999, a gravity geophysical survey was done over the Cork North zone to define which of the several limestone beds have the best potential to host massive sulphide mineralization. Targets generated by the gravity survey have not yet been drill tested.

## **Geochemistry**

Soil geochemical surveys have been completed over the length of the Cork and Gold Cure Shear Zones. Linear trends of anomalous values for silver, lead and zinc in soil have been found running coincident with the shear zones. Occasionally gold, arsenic, cadmium and other elements occur with the silver, lead and zinc anomalies.

## **Black Bear Group of Claims**

For a description of Cream's interest in this property, see "Kaslo Silver Property" under this Item 4.

## **Location**

The Black Bear claims are located immediately north of and are contiguous with the Bismark Claims. The Property is presently composed of a three-claim mining lease and three reverted, crown-granted mineral claims situated just 600 metres along strike to the north of the former Cork-Province Mine on the adjacent Bismark Claims.

## **History**

The property encompasses three former silver producers, the Mastodon, Liberty, and Black Bear workings. The Mastodon and Liberty workings were discovered and operated in the late 1890s. The Black Bear was probably discovered at the same time but the only government reports of this occurrence are from 1920 when the mine was rehabilitated to explore a 48-centimetre wide vein that yielded 2.74 g/t gold, 181.7 g/t silver, 15.0% lead and 3.6% zinc.

The Liberty and Mastodon workings were on adjacent crown grants that were initially worked in 1899. Workings consist of eight or more short adits and shafts that explore two or more fissure-vein lodes striking northeast and in part conforming with structure of the host metasediments. Exploration completed by Cream in 1997 on the adjacent Bismark Claims suggests that the Black Bear workings are probably hosted by the same shear structure that hosts the Cork-Province Mine. The Liberty and Mastodon workings are believed to be on parallel structures.

Cream completed a preliminary program of geological mapping, geochemical surveys, VLF electro-magnetometer surveys, a reconnaissance gravity geophysical survey, excavator trenching and 110 metres of diamond drilling in three short holes over the Black Bear Claims in 1998 and 1999. The trenching program successfully encountered several small massive sulphide bodies that were tested with three short, wide spaced, diamond drill holes. Sulphides were primarily pyrite, arsenopyrite and sphalerite containing low-grade silver values.

## **Black Fox Claims**

In June 1998, Cream purchased a 100% interest in the Black Fox Claims located near Kaslo, British Columbia. The property comprises three crown-granted mineral claims: the Daisy, Black Fox and California. The former Black Fox mine workings are located on the Daisy Claim, immediately adjacent to the Cork-Province area on Cream's Bismark Claims. The claims lie on the southwest extension of the Cork Shear Zone.

There was no material work carried out on the property in fiscal 2003 or 2004. Cream has not had sufficient working capital to conduct a full-scale exploration program on the properties that make up the Kaslo Silver Property. As a result, in 2003, Cream wrote down deferred acquisition and exploration costs to a nominal carrying value of \$1 to reflect the extended period of inactivity on the property. The claims remain in good standing and the property is a long-term asset of the Company. Cream has recommenced capitalizing exploration costs due to an exploration program completed on the property during the year ended March 31, 2005, with \$162,099 capitalized to March 31, 2008.

## **Proposed Exploration**

Cost estimates to complete a recommended exploration program, including airborne and ground geophysical surveys, diamond and rotary drilling, and bulk sampling, total over \$2 million. The primary target areas for further investigation are within and adjacent to some of the historic workings. Most of these require drilling to explore for continuity of mineralization previously explored by surface cuts, drifts and shafts. The program recommends that mineralization be explored both laterally and to depth from the workings. An airborne magnetic and

electromagnetic survey flown over the entire property will assist in further defining the regional structures that host mineralization, when financing is available.

At the Silver Bear zone, reverse circulation rotary drilling is recommended along the strike of the graphitic shear structure. Difficulty of recovery from previous diamond drilling, combined with the nugget effect of the poddy mineralization, may require follow up work to consist of a combination of reverse circulation drilling and bulk sampling of surface exposures. As well, diamond drilling is recommended at the Black Fox, Gibson, Bismark and Cork-Province mineralized zones to further explore their potential.

Ms. Linda Dandy, P.Geo., of P&L Geological Services, has supervised the Company's Canadian exploration programs summarized above and is the Company's supervisor and "Qualified Person" for the purpose of National Instrument 43-101.

#### **b. Kootenay Gemstone Property, BC**

The Company holds an option to acquire a 100% interest in the Kootenay Gemstone Property located in the Nelson Mining Division, British Columbia. The option agreement calls for the issuance of 500,000 common shares (issued) and cash payments totalling \$100,000 (\$20,000 paid) over 72 months. The optionor will retain a 2% net product returns royalty from the production of gemstones, half of which may be purchased by the Company for \$1,000,000 upon commencement of commercial production. Cream has also staked additional claims adjacent to the claims in the original option. Claims held by the Company cover more than 30 kilometres of the Shaw Creek Stock contact. Work done on the property to date has demonstrated that the Shaw Creek Stock, and immediately surrounding country rock, is highly prospective for beryl mineralization (aquamarine and emerald). In fiscal 2008 and early in fiscal 2009 a trenching program was carried out on the property. No results were available at the time of this annual report.

The Company is actively seeking a joint venture partner with gemstone experience to assist in development of this property. Ms. Linda Dandy, P.Geo. of P&L Geological Services, is the Company's project supervisor and "Qualified Person" for the purpose of NI 43-101.

#### **Introduction**

After Cream discovered ice-blue to deep greenish-blue beryl crystals (aquamarine) on its Kootenay Gemstone Property, additional claims, now covering over 5,000 hectares were staked along the 23-kilometre length of the favourable contact area. This contact area hosts classic beryl mineralization in pegmatites and quartz veins.

During the initial prospecting, claim staking and sampling program, widespread beryl mineralization was identified within abundant pegmatite dykes located in both granitic rocks of the Bayonne batholith and adjacent sedimentary rocks. Ice-blue beryl crystals are the most common, followed by greenish beryl crystals, with minor clear, white and yellow beryl crystals also being found.

Beryl gemstones include aquamarines, which are greenish-blue in colour, and Emeralds, which are green in colour. These beryl gemstones are also generally classified into three categories according to quality: gem quality is transparent; near-gem quality is translucent; non-gem quality is opaque. On the Kootenay Gemstone Property, all three categories of aquamarine crystals have been discovered. In this very early exploration stage property, only near-gem and non-gem emerald crystals have been found.

#### **Location and Access**

The Kootenay Gemstone Property is located on the west and south sides of Kootenay Lake, in the Nelson Mining Division of southeastern British Columbia. The north-western corner of the property is located 30 kilometres east of Salmo and the southeastern corner of the property is 12 kilometres west of Creston. The claims cover an area of approximately 5800 hectares and are centred at latitude 49°15'N and longitude 116°51'E within mapsheets 82F.017, 026, 036.

Access to the northern portion of the Kootenay Gemstone Property is via Highway 6, north from Salmo for 8 kilometres, then easterly on the Porcupine Forest Service Road for 35 kilometres. The southern part of the claim block can be accessed from Highway 3 ten kilometres west of Creston, then north and west on the Topaz Creek Forest Service Road for 21 kilometres. Numerous logging roads cross the claim block.

## **Physiography**

The Kootenay Gemstone Property is located in an area of rugged terrain. Topography on the property is steep with elevations ranging from 532 metres at Kootenay Lake to 2,285 metres on the peak of Iguana Mountain in the south central portion of the claim area. Outcrop is somewhat limited on the property, generally confined to steep creek gullies or road cuts, with more prevalent outcrops on ridges and steeper slopes.

## **History**

Very little historic information can be found on the beryl mineralization in this region. Rice (1941) reported the occurrence of blue-green beryl crystals, with garnet, tourmaline and magnetite in pegmatite dykes south of Midge Creek (MINFILE 082FSE091).

## **Geology**

The Shaw Creek stock is a late Cretaceous, 130 square kilometre intrusion composing the central to southern one-third of the middle to late Cretaceous multiphase Bayonne Batholith. The stock is typically light grey to pinkish-grey biotite +/- hornblende granite with abundant K-feldspar megacrysts averaging 2 to 3 centimetres. Leucoquartz monzonite is locally abundant.

Detailed prospecting and mapping on the OMG and Topaz Claims in 2003 and 2004 revealed three distinct styles of beryl mineralization. Beryl crystals on the OMG claims are of variable quality, consistently blue to bluish-green and relatively abundant (locally up to 10% of pegmatite volume). The majority of the beryls are found within the matrix of the pegmatite veins and dykes. However, the most impressive specimens were discovered in later stage quartz veins containing minor molybdenite and significant open spaces (vugs). Perfect millimetre scale transparent, light greenish-blue aquamarine crystals have been found within the open vugs, in these veins.

It has been demonstrated that litho geochemistry and soil geochemistry techniques have been successful at defining potential targets and due to the fact that the Shaw Creek Stock is still relatively unexplored, additional work is warranted on the Kootenay Gemstone Property. The Company is actively seeking a joint venture partner with gemstone experience to assist in development of this property.

### **c. Goldsmith Property, British Columbia**

#### **Introduction**

The Company holds an option to acquire a 100% interest in the Goldsmith Property located near Kaslo, British Columbia. The option agreement calls for the issuance of 200,000 common shares (issued) and cash payments totalling \$110,000 (\$50,000 paid) over six years. The optionors will retain a 2% NSR royalty on all metals. The Company may acquire one half of the NSR for \$1,000,000 upon commencement of commercial production or earlier.

The Goldsmith Property contains numerous historic, small-scale, high-grade gold workings (Lucky Jack, Bullock, Swede, Goldsmith, Gold Park, etc) throughout a 3 kilometre long belt of altered volcanic and sedimentary host rocks. High-grade gold mineralization in the workings is found in numerous quartz veins which range from a few centimetres to 5 metres in width. Also of interest on the Goldsmith Property are reported historic gold values obtained from the sulphide-altered wall rock between and adjacent to the quartz veins. Historic reports from the early 1900s expound on the amount and size of free gold within these vein networks. The 1903 Geological Survey of Canada Summary Report describes the original discovery of the Lucky Jack vein as:

“The quartz is milky to watery white, carrying a little arsenopyrite, galena and pyrite with, in places, very coarse free gold, liberally splashed through it, in bunches, masses, fibres and plates. The gold occurs in the pure quartz, in the sulphides, surrounding the sulphides, with inclusions of country rock or along the walls. The vein has afforded many magnificent specimens of native gold, some of the finest ever found in the province.”

The Company also entered into an option agreement to acquire a 100% interest in the Lucky Jack mineral claims adjacent to the Goldsmith property located near Kaslo, British Columbia. The option agreement calls for the issuance of 200,000 common shares (issued) and payments totalling \$110,000 (\$70,000 paid) over 6 years. The

optionor will retain a 2% NSR royalty on all metals. The Company may acquire one half of the NSR for \$1,000,000 upon commencement of commercial production or earlier.

The Lucky Jack claim groups are being worked contiguously with the Goldsmith claims and are considered jointly to make up the Goldsmith Property.

### **Location and Access**

The Goldsmith Property is located west of the small community of Poplar Creek along Highway 31, 66 kilometres north of Kaslo, BC. The claims are located on mapsheets 082K.035 and 045 in the Slocan Mining Division of southeastern British Columbia.

The south side of the claim block (south of Poplar Creek) can be accessed off the Cascade Creek Forest Service Road and the north side of the claim block can be accessed from the Poplar Creek Forest Service Road.



### **Previous Work**

Portions of the Goldsmith Property were worked by Westmin Resources in 1980 and 1981. Work included soil sampling, geological mapping, trenching and diamond drilling. The 1981 drilling and trenching programs were concentrated on the Lucky Jack and Goldsmith areas. Trenching and/or drilling returned narrow widths of high grade gold mineralization in both areas.

No significant exploration programs were carried out on the property after 1982, until Cream's small exploration programs on the property.

### **Initial Results by Cream**

Cream received encouraging assay results from a preliminary sampling program carried out on the Goldsmith Property in 2003. Historic documents indicate very high gold grades can be obtained from many of the old workings. Cream's initial exploration program consisted of a small rock grab and chip sampling program designed to confirm the presence of the reported extremely high gold values. Cream's initial sampling program found gold mineralization in a number of showings outlined along a 3 km long belt of altered volcanic rocks.

### **Proposed Exploration Program**

Due to the favourable results for the 2003 sampling program, an expanded exploration program was proposed for the Goldsmith Property in 2008. Along with continued prospecting and sampling of additional historic workings, not previously located during the 2003 program, a grid will be established over the 1.5 x 1.5 kilometre area containing most of the historic workings. This grid will be geochemically and geophysically surveyed accompanied by detailed geological mapping in order to define trench and drill targets. Encouraging results from the 2003 and 2004 soil geochemistry and rock sampling programs were followed up with detailed geological and structural mapping and expanded soil sampling.



An excavator trenching program was commenced in the fall of 2007 on the property when Cream obtained extremely encouraging results from rock grab and chip samples collected from the numerous small-scale historic workings. Six excavator trenches were dug in the area of the historic Bullock and Goldsmith workings. Two of the trenches were put in to cross-section the geology between old adits/trenches. One trench exposed the Goldsmith-V2 vein for 64 metres along its strike, and three short trenches opened up areas where prior surface sampling (from a road cut) returned high gold assay results. An additional 9 excavator trenches, planned and permitted, are planned to be excavated in the summer of 2008. These proposed trenches include excavating around several of the historic workings, plus exposing bedrock in areas of geochemical and geophysical anomalies. The planned excavator trenches for 2008 are located within a strong gold soil geochemical anomaly, greater than 2 kilometers in length and coincident with a series of strong aeromagnetic anomalies.

Total exploration and acquisition costs incurred in fiscal 2008 on the Kootenay Gemstone, Goldsmith and Lucky Jack Claims totalled \$26,665, compared to \$49,680 in fiscal 2007. Subsequent to March 31, 2008, a payment of \$20,000 was made on each of the Goldsmith and Lucky Jack claims, pursuant to the option agreements.

Ms. Linda Dandy, P.Geo., of P&L Geological Services, is the Company's project supervisor and "Qualified Person" for the purpose of National Instrument 43-101.

#### **4. Manitoba Properties – Manitoba, Canada**



##### **a. Stephens Lake Property (Trout Claim Group)**

The Trout Claim Group is situated 100 kilometres east of Gillam, Manitoba. In order to facilitate the exploration of the property, Sultan Minerals Inc., ValGold Resources Ltd., and the Company (the "Companies"), agreed to pool three respective and contiguous exploration licences, so that each would hold an undivided one-third interest in all three of the exploration licences. The Companies have since reduced the size of the property to the Trout Claim Group. The Trout Claim Group was acquired under an option agreement whereby the Companies made combined cash payments totaling \$110,000 and issued a combined 200,001 common shares. Having earned the 75% interest, the Companies and the optionor may enter into a 75:25 joint venture for the further exploration and development of the Trout Claim Group. To date, a joint venture agreement has not been entered into. The Companies formerly held additional claims in the province of Manitoba, which surrounded the Trout Claim Group. These claims are no longer held by the Companies.

Mr. Arthur Troup, P.Geo., of Sultan Minerals, is the Company's project supervisor and "Qualified Person" for the purpose of National Instrument 43-101.

##### **b. Wine Nickel-Copper Property, Manitoba**

In March 2006, the Company entered into an option agreement to acquire 100% interest in the Wine Claim, MB 3964 and Wine 1 Claim, located approximately 60 kilometres southeast of Flin Flon, Manitoba. The Company can earn its interest by making payments totalling \$105,000 (\$10,000 paid) and issuing 200,000 common shares (100,000 issued) over a 48-month period. The Company must also incur exploration expenditures on the property of \$5,000 annually for four years. On completion of these obligations, the property will be subject only to a 2.0% NSR royalty payable to the optionor from the production of gold, silver and all base metals and other minerals. The Company has the right to reduce the NSR royalty to 1.0% by the payment of \$1,000,000 to the optionor at any time up to and including the commencement of commercial production.

Cream's exploration plans included investigating the Wine showing with a single vertical drill hole to determine if the mineralization could be similar to the Sherritt Gordon Mines ore-bodies at Lynn Lake, Manitoba. The Sherritt Gordon Mine produced 20,151,146 tonnes of ore with an average grade of 1.023% Nickel and 0.535% Copper from eleven discrete vertical pipes that are hosted by a mafic to ultramafic igneous pluton (Pinset, R.H.; 1980). A second drill hole was to investigate a large geophysical anomaly situated 100 meters west of the Wine showing.

The first test hole, RAD 07 – 01, on its Wine – Radar Lake property, 60 km southeast of Flin Flon, Manitoba, assayed 1.30% Nickel, 2.27% Copper, 0.319 g/t Gold, 0.132 g/t Platinum and 0.270 g/t Palladium over 66.8 feet core length at a dip of –49 degrees (true width is estimated to be 43.6 feet).

The hole was drilled to test and confirm an earlier hole DDH EEL – 346, drilled in 1987 by Hudson Bay Exploration and Development Co. Ltd., which assayed 0.85% Nickel and 1.42% Copper over 54.0 feet at a dip of –45 degrees (Refer to Cream News Release dated February 6, 2006).

A second drill hole, RAD 07 – 02 was collared at approximately 230 feet southeast of RAD 07 – 01. It was drilled at –60 degrees to a depth of 837 feet with the hope of intersecting mineralization should the zone plunge vertically to that point. The favourable horizon was not intersected in this hole; however, the main purpose of the hole was to locate the downward plunge of the upper zone and the hole will now be used for a down the hole Pulse EM Survey as soon as possible in order to locate the mineralized body.

During the drill program, standard sampling procedures were used whereby the core was cut with a circular diamond saw and half of the core was sent by trucking company directly to TSL Laboratories Ltd. in Saskatoon, Saskatchewan. The remaining half of the core was stored in a core storage facility in Snow Lake, Manitoba. All sample preparation was done at the laboratory by TSL staff, who assayed the samples using a multi-acid digestion and Atomic Absorption assay procedures.

As a result of drilling completed in the summer of 2007 on the Wine Property, a VTEM survey was flown over the Wine Property and the Company's Cedar Claims in the late spring of 2008.

Mr. A. J. Spooner, P.Eng., of A.J. Spooner Exploration Services, Inc., Flin Flon, Manitoba, is the Qualified Person for NI 43-101.

### **c. Grand Nickel Project, Manitoba**

In October 2007, the Company entered into an option agreement to acquire 100% interest in the Grand Nickel Project, being the Cedar 1, MB7355 and MEL 324B claims, located in the Thompson Nickel Belt, approximately 40 kilometres north-west of the town of Grand Rapids, Manitoba. The property covers 20 square miles. Cream has the exclusive right and option to earn a 100% interest in the property by making payments totalling \$105,000 and issuing 200,000 common shares to the optionor over a 48-month period. As reported by W.S. Ferreira Ltd., the property contains an electromagnetic conductor within a large magnetic anomaly. A diamond drill hole (GR-2-83) drilled by Granges Exploration Ltd. in 1983 intersected over 600 feet of ultramafic rocks with significant intersections including: 0.48% Nickel over a core length of 8 feet and 0.45% Nickel over a core length of 10 feet. True width of the intersections is not presently known. A VTEM survey was flown over the Wine Property and the Grand Nickel Project in the late spring of 2008. A report on the survey has been received showing several significant EM conductors on the Wine Property but no targets of merit on the Grand Nickel Project. The Company is planning additional work including diamond drilling for the Wine Property.

Expenditures on the Manitoba properties in fiscal 2008, with the fiscal 2007 numbers in brackets, were: assays and analysis - \$1,338 (\$Nil); drilling - \$120,470 (\$Nil); geological and geophysical - \$17,485 (\$133); site activities - \$3,304 (\$29,924), and travel and accommodation, including helicopter transport – \$69,432 (\$Nil). Government recoveries of \$12,800 were received in fiscal 2008.

### **3. Other Investments**

In March 2002, Cream entered into an agreement to acquire up to 100% of the outstanding shares of Terra Gaia Inc. ("Terra Gaia"), a private Canadian company. In July 2002, Cream was unable to make a required second payment of \$225,000 and the agreement with Terra Gaia was terminated. The Company had initially invested \$25,000 for which Cream has received 100,000 common shares of Terra Gaia. In the year ended March 31, 2006, the Company

wrote down the investment by \$24,999 to a nominal sum of \$1, due to the uncertainty of the recoverability of this investment.

#### **ITEM 4A. UNRESOLVED STAFF COMMENTS**

Not applicable.

#### **ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements of Cream Minerals Ltd. (“Cream”) for the years ended March 31, 2008, 2007 and 2006, and related notes thereto. Cream’s consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Except as described fully in Note 14 to the consolidated financial statements, which is summarized below, there are no material differences, for the purposes of the consolidated financial statements, between accounting principles generally accepted in Canada and the United States.

##### **Material Differences between Canadian and U.S. Generally Accepted Accounting Principles**

Cream prepares its financial statements in accordance with accounting principles generally accepted in Canada (“Canadian GAAP”), which differ in certain respects from those principles that it would have followed had its financial statements been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The major differences between Canadian and U.S. GAAP, which affect Cream’s financial statements, are described below:

- i) Under Canadian GAAP, exploration expenses may be deferred until such time as the exploration work is either effectively abandoned and related costs are written off or the property reaches a development stage. Development costs may also be deferred until such time as further related costs are written off or an operating mine is established following which accumulated costs are amortized to earnings. Under US GAAP, and under Securities and Exchange Commission guidelines, all exploration expenses incurred prior to the determination of the existence of a commercially mineable deposit and the completion of a feasibility study should be recorded as expenses as they are incurred. At this stage, the Company has not yet identified economically recoverable reserves on any of its properties. Accordingly, under US GAAP, all exploration costs incurred during the year are to be expensed.
- ii) Statement of Financial Accounting Standard (“SFAS”) No. 115 requires investments to be classified with respect to holding period, as determined by management, as either held-to-maturity debt securities, trading securities or available-for-sale investments.

The Company has no held-to-maturity debt securities or trading securities.

- iii) United States accounting standards for reporting comprehensive income are set forth in SFAS No. 130. Comprehensive income represents the change in equity during a reporting period from transactions and other events and circumstances from non-owner sources. Components of comprehensive income include available for sale investments that are not actively traded on short-term differences in price. For US GAAP purposes, these holding gains and losses are reported as a separate component of shareholders’ equity until realized.

For Canadian GAAP purposes, the Company adopted CICA Handbook Section 3855, “financial instruments – recognition and measurement”, and Section 1530, “comprehensive income”, during the year ended March 31, 2008. The transitional provision requires re-measurement of its assets and liabilities classified as available-for-sale, with no adjustment to other comprehensive income at the beginning of the fiscal year. Amounts previously recognized in income due to a write-down to record the investment at the lower of cost or market do not get reclassified out of deficit and into other comprehensive income, resulting in a temporal difference with US GAAP. This difference will be eliminated once the securities are sold.

Differences between Canadian and US GAAP, as they may affect the Company’s consolidated financial statements are as follows:

(a) Flow-through shares

Subsequent to March 31, 2008, the Company issued by way of private placement 1,010,800 flow-through common shares at \$0.25 per share, for gross proceeds of \$252,700. The gross proceeds of this placement are considered to be restricted cash for US GAAP purposes, as these funds are to be expended on exploration in Canada in order to satisfy the requirements of the renouncement to the investors. These funds must be expended by December 31, 2009. As described in the notes to the consolidated financial statements, on issuance of flow-through shares, the entire proceeds of the issuance are recorded as share capital. The Company subsequently records a future income tax liability, and a reduction in share capital, on the date that the Company files the renouncement documents with the tax authorities. The Company received a net premium to market on this issuance of \$55,594, which was recorded in share capital as part of the transaction. For US GAAP purposes, SFAS 109 *Accounting for Income Taxes* (“SFAS 109”) indicates that the proceeds of flow-through share offerings should be allocated between the offering of the shares and the sale of tax benefits when the shares are offered. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the flow-through shares. A liability is initially recognized for any premium paid by the investors.

Upon renouncing the income tax deductions the Company will record a future income tax liability, estimated to be approximately \$65,702, and a corresponding reduction of share capital in respect of the flow-through share financing for Canadian GAAP purposes. Under US GAAP, the difference between the future income tax liability on renunciation and the premium is recorded as a future income tax expense. Under both Canadian and US GAAP, recognition of the liability results in a reduction of previously applied valuation allowance and a corresponding future tax recovery in the consolidated statements of operations. This will result in a US GAAP adjustment of \$10,108 representing the difference between the recovery under Canadian GAAP and the net premium to market on issuance which will be recorded in the year ended March 31, 2009, under US GAAP and allocated to deferred taxes when the flow-through shares at the time of issuance.

(b) Impact of recent applicable United States accounting pronouncements and current differences in accounting principles

*Share purchase warrants*

The Securities and Exchange Commission (“SEC”) and the Financial Accounting Standards Board (“FASB”) have expressed views for US GAAP that suggest warrants with an exercise price denominated in a currency that is different from the entity’s functional currency cannot be classified as equity. As a result, these instruments would be treated as derivatives and recorded as liabilities carried at their fair value, with changes in the fair value from period to period recorded as a gain or loss in the statement of operations. The Company’s functional currency is the Canadian dollar and it has issued and outstanding warrants that have an exercise price that is denominated in Canadian dollars, so the Company has no difference under SFAS No. 133.

The recent SEC and FASB interpretations relate to SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and Emerging Issue Task Force (“EITF”) 00-19 - *Accounting for Derivative Financial Instruments Indexed to and Potentially Settled in a Company’s Own Stock*. The EITF has initiated a project to determine the accounting treatment for certain equity instruments with elements of foreign currency risk.

In August 2007, the EITF issued No. 07-05, Issue Summary No.1 “*Determining Whether an Instrument (or an Embedded Feature) is Indexed to an Entity’s Own Stock*”. The issue summary discusses the merits of various accounting treatments related to this issue but does not provide any definitive guidance. The EITF considers Issue 07-5 an open issue subject to further discussion and meetings. Issued and outstanding warrants continue to be classified in shareholders’ equity at their historical issue price. Upon the issuance of authoritative guidance from the EITF project the Company will assess the impact this may have on the consolidated financial statements for US GAAP and record an adjustment in accordance with the guidance provided.

### *Stock Options*

On December 21, 2007, the SEC issued Staff Accounting Bulletin No. 110 (“SAB 110”). SAB 110 provides guidance to issuers on the method allowed in developing estimates of expected term of “plain vanilla” share purchase options in accordance with SFAS No. 123R – “*Share-Based Payments*”. The staff will continue to accept, under certain circumstances, the use of a simplified method beyond December 31, 2007, which amends question 6 of Section D.2 as included in SAB 107, “*Valuation of Share-based Payment Arrangements for Public Companies*”, which stated that the simplified method could not be used beyond December 31, 2007. SAB 110 is effective January 1, 2008. Management is currently evaluating the potential impact, if any, that the adoption of SAB 110 will have on its financial statements.

### *Accounting for Uncertainty in Tax Positions.*

In June 2006, the FASB issued FIN No. 48 *Accounting for Uncertainty in Tax Position, an Interpretation of FASB Statement No. 109* (“FIN 48”). FIN 48 addresses the recognition and measurement of all tax positions. The recognition process involves determining whether it is more likely than not that a tax position would be sustained on audit based solely on its technical merits. The amount of benefit recognized in the financial statements is the maximum amount which is more likely than not to be realized based on a cumulative probability approach. FIN 48 was effective for the Company on April 1, 2007, and did not have an impact on the Company’s reported results.

### *Fair Value Measurements*

In September 2006, FASB issued *SFAS No. 157 "Fair Value Measurements" ("SFAS No.157")*, effective for periods beginning after November 15, 2007. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. In December 2007, FASB issued SFAS 157-b, which provided for a one-year deferral of the implementation of SFAS No. 157 for non financial assets and liabilities. However, SFAS No.157 is still required to be adopted effective April 1, 2008, for financial assets and liabilities that are carried at fair value. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

In February 2007, FASB issued FASB Statement No. 159, *The Fair Value for Financial Assets and Financial Liabilities* including an amendment of FASB No. 115, which provides an option to elect to treat certain financial assets and liabilities on a fair value basis. This standard is effective for the Company’s March 31, 2009, financial statements. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

### *Business Combinations*

In December 2007, FASB issued *SFAS 141(R) "Business Combinations"* and *SFAS 160 "Non-controlling Interest in Consolidated Financial Statements"* which are both effective for fiscal years beginning after December 15, 2008. SFAS 141(R) which will replace FAS 141 is applicable to business combinations consummated after the effective date of December 15, 2008. SFAS 141(R) replaces SFAS 141, Business Combinations and applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (the acquire), including those sometimes referred to as “true mergers” or “mergers of equals” and combinations achieved without the transfer of consideration. This statement establishes principles and requirements for how the acquirer: (a) recognizes and measures in its financial statements the identifiable assets acquire, the liabilities assumed and any non-controlling interest in the acquiree; (b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This statement will be effective for fiscal years and interim periods within those fiscal years beginning on or after December 15, 2008, or the Company’s fiscal year beginning April 1, 2009. Earlier adoption is prohibited. The Company is currently unable to determine what impact the future application of this pronouncement may have on its consolidated financial statements.

### *Non-Controlling Interests*

In December 2007, the FASB issued SFAS 160 “*Non-controlling Interests in Consolidated Financial Statements*”, a standard on accounting for non-controlling interests and transactions with non-controlling interest holders in consolidated financial statements. This statement specifies that non-controlling interests are to be treated as a separate component on equity, not as a liability or other item outside of equity. Because non-controlling interests are an element of equity, increases and decreases in the parent company’s ownership interest that leave control intact are accounted for as capital transactions rather than as a step acquisition or dilution of gains and losses. The carrying amount of non-controlling interests is adjusted to reflect the change in ownership interests, and any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity attributable to the controlling interest.

This standard requires net income and comprehensive income to be displayed for both the controlling and non-controlling interests. Additional required disclosures and reconciliations include a separate schedule that shows the effects of any transactions with the non-controlling interests on the equity attributable to the controlling interest.

The statement is effective for periods beginning on or after December 15, 2008, in the Company’s fiscal year beginning April 1, 2009. SFAS 160 will be applied prospectively to all non-controlling interests, including those that arose before the effective date.

The Company does not believe the adoption of SFAS 160 will impact its consolidated financial statements for US GAAP.

### **Overview**

Cream is a mineral exploration company with no producing properties and consequently has no current operating income or cash flow. All of Cream’s short to medium-term operating and exploration cash flow must be derived from external financing.

### **Critical accounting policies and changes in accounting policies**

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities, revenues and expenses. These estimates are based upon historical experience and on various other assumptions that management believes to be reasonable under the circumstances, and require judgment on matters which are inherently uncertain. A summary of the Company’s significant accounting policies is set out in Note 2 of the consolidated financial statements for the year ended March 31, 2008.

#### **(A) Operating Results**

##### **Year Ended March 31, 2008, Compared to Year Ended March 31, 2007**

In fiscal 2008, Cream incurred a loss of \$3,026,778, or loss per common share of \$0.06, compared to a loss of \$663,350, or a loss of \$0.02 per common share in fiscal 2007.

##### General and administrative expenses

General and administrative expenses totalled \$3,032,523 in fiscal 2008, compared to \$685,849 in fiscal 2007. In fiscal 2008, the Company wrote down its interest in the Sewa River onshore claim in Sierra Leone by \$1,586,240 to a nominal value of \$1, with no comparative property write-downs in fiscal 2007. Additional write-downs of exploration expenditures on the Sewa River onshore claim incurred in the first quarter of the year ended March 31, 2009, will be required.

In fiscal 2008 the Company issued 411,764 common shares at a value of \$0.34, or \$140,000, the value for the issuance of 20% of the loan of \$700,000 approved by the TSX Venture Exchange, to Frank Lang. These shares were issued pursuant to a bonus agreement entered into relating to initial cash advanced over a period of several months by Mr. Lang to the Company. The loan agreement is for a total of \$700,000 to be repaid by October 26, 2008.

Interest is to be paid at an annual rate of 6%, payable quarterly, payments to commence 90 days from the date of regulatory acceptance. To March 31, 2008, \$14,010 had been paid or accrued as finance expense in addition to the value of the common shares issued.

Cream conducted most of its exploration activities in Mexico and in Sierra Leone in fiscal 2008, and as such, the Company has foreign exchange risks associated with exploration in foreign jurisdictions. The Company had a foreign exchange loss of \$41,516 in fiscal 2008, primarily incurred with respect to expenditures in Sierra Leone, compare to a foreign exchange gain of \$2,330 in fiscal 2007. The Company's cash balances are primarily held in Canadian dollars with nominal funds held in United States dollars and in Mexican pesos.

Legal, accounting and audit increased from \$42,419 in fiscal 2007 to \$74,714 in fiscal 2008. Legal fees have increased from \$5,514 in fiscal 2007 to \$15,202 in fiscal 2008, of which most of the increase related to a financing that did not complete. Audit fees and tax return preparations totalled \$27,100 in fiscal 2007 and increased to \$30,390 in fiscal 2008. Audit and accounting fees will likely continue to increase in fiscal 2009, with changes in generally accepted accounting principles, the first steps towards conversion to International Financial Reporting Standards, and further review and testing of internal controls. Legal fees will likely increase in the future due to increased regulatory reporting requirements and a joint venture agreement to be finalized on the Casierra properties in Sierra Leone.

The Company paid Lang Mining Corporation ("Lang Mining"), a private company, a monthly management fee of \$10,000 per month for the services of Frank Lang as President and CEO of the Company, for a total of \$120,000 in fiscal 2008. The fees paid to Lang Mining were increased to \$5,000 per month, effective April 1, 2006, and to \$10,000 per month, effective November 1st, 2006. These fees totalled \$85,000 in fiscal 2007. Consulting fees of \$16,500 (2007 - \$17,500) were paid to Kent Avenue Consulting Ltd. for services rendered by Sargent H. Berner, a director of the Company.

LMC Management Services Ltd. ("LMC") provides accounting, administrative and other services on a full cost recovery basis to Cream and other public companies sharing office space. Office and administration costs increased from \$79,474 in fiscal 2007 to \$132,444 in fiscal 2008. The office and administration costs include rent, telephone, shared office services and other costs related to administration of a public company. An additional company shared office space at LMC for several months in fiscal 2007, which contributed to the lower costs in that fiscal year.

Salaries and benefits have increased from \$75,929 in fiscal 2007 to \$115,736 in fiscal 2008. Wages are higher in fiscal 2008, due to salary increases, and the increased employee time required complying with new reporting and regulatory regulations. The exploration activity in Sierra Leone has contributed to the increase in administration salaries and office costs related to the tracking and recording of costs incurred.

Stock-based compensation of \$414,484 relates to the vested portion of stock options granted to directors, officers, consultants and employees in fiscal 2008, and compares to \$67,867 related to the vested portion of stock options granted to directors, officers, consultants and employees incurred in fiscal 2007. These options were valued using the Black-Scholes ("B-S") option valuation model developed for use in estimating the fair value of traded options that are fully transferable and have no vesting restrictions. This valuation may be somewhat questionable, as is all stock-based compensation methods, as the Company's stock options are not transferable and cannot be traded.

Shareholder communications have increased from \$286,510 in fiscal 2007 to \$353,259 in fiscal 2008. The Company has an agreement with Arbutus Enterprises Ltd. ("Arbutus") to provide investor relations services at a monthly fee of \$2,000. Arbutus was paid \$24,000 in both fiscal 2008 and 2007. Axino A G was paid \$82,500 in fiscal 2007 for services primarily related to the European markets, and \$97,500 in fiscal 2008, and Dynamic Stock Market Analysts were paid \$36,667 to help the Company increase its presence on the internet. Cronus Capital was paid \$30,000 for investor relations activities, and PSG Media was paid \$5,509 for an IR campaign in May 2007. These agreements are no longer in effect. Robert Paul was hired in September 2007 to provide services in the Vancouver office to shareholders and investors at a monthly cost of \$3,000.

The Company also granted 780,000 stock options to CHF Investor Relations (Cavalcanti Hume Funfer Inc.) of Toronto and Calgary ("CHF"), an investor relations firm specializing in mineral resource companies, as the Company's investor relations counsel: 260,000 at a price of \$0.75, 260,000 at a price of \$0.85, and 260,000 at a price of \$0.95, with an expiry date of September 21, 2012.

An additional grant of 150,000 stock options at a price \$0.50, exercisable over a five-year period, expiring December 11, 2012, was made to an investor relations consultant.

Website, printing, conference fees, annual general meeting materials, and related shareholder communications costs have decreased from \$143,530 in fiscal 2007 to \$81,582 in fiscal 2008. The largest portion of the decrease relates to advertising and printed material which decreased from \$80,935 in fiscal 2007 to \$14,807 in fiscal 2008.

Travel and conference expenses have increased nominally from \$19,458 in fiscal 2007 to \$21,262 in fiscal 2008.

### **Year Ended March 31, 2007, Compared to Year Ended March 31, 2006 (“fiscal 2006”)**

In fiscal 2007, Cream incurred a loss of \$663,350, or loss per common share of \$0.02, compared to a loss of \$891,264, or a loss of \$0.03 per common share in fiscal 2006.

#### General and administrative expenses

General and administrative expenses totalled \$685,849 in fiscal 2007, compared to \$763,974 in fiscal 2006. The Company wrote-off the balance of costs incurred on the Fenix property in fiscal 2006 of \$113,042. In fiscal 2005 the Company wrote down its Nuevo Milenio property by \$1,523,030 to a nominal carrying value of \$1 due to inactivity on the property at that time. Further, the costs incurred in the first two quarters of fiscal 2006 on the Nuevo Milenio property of \$59,655 were also written off in that period. The Company re-commenced capitalization of costs on the Nuevo Milenio Property, of which \$1,077,716 has been capitalized to date. There were no mineral property interest write-downs in fiscal 2007.

Cream conducted exploration activities in Mexico and in Sierra Leone in fiscal 2007, and as such, there are foreign exchange risks associated with exploration in foreign jurisdictions. The Company had a foreign exchange gain of \$2,330 in fiscal 2007 as opposed to having a foreign exchange loss of \$3,141 in fiscal 2006. The Company’s cash balances are held in Canadian dollars, United States dollars and in Mexican pesos. There is significant volatility with these currencies compared to the Canadian dollar, but as the Company did not have significant cash balances for any length of time in foreign currencies other than United States dollars, a small gain on foreign exchange has been recorded in each fiscal period.

Legal, accounting and audit increased from \$26,642 in fiscal 2006 to \$42,419 in fiscal 2007. Legal fees have decreased during the year, as no major acquisitions were completed. Audit fees of \$18,110 incurred in fiscal 2007, compare to \$12,600 in fiscal 2006.

The Company paid Lang Mining a monthly management fee of \$2,500 per month for the services of Frank Lang as President and CEO of the Company, for a total of \$30,000 in fiscal 2006. The fees paid to Lang Mining were increased to \$5,000 per month, effective April 1, 2006, and to \$10,000 per month, effective November 1st, 2006. These fees totalled \$85,000 in fiscal 2007.

LMC’s fees and reimbursements totalled \$232,638 in fiscal 2007 compared to \$244,149 in fiscal 2006. Consulting fees of \$17,500 (2006 - \$7,500) were paid to Kent Avenue Consulting Ltd. for services rendered by Sargent H. Berner, a director of the Company.

Office and administration costs decreased from \$133,781 in fiscal 2006 to \$79,474 in fiscal 2007. The office and administration costs include rent, telephone, shared office services and other costs related to administration of a public company. Decreased use of office space near the end of 2006, and throughout 2007, accounted for the decrease in office and administration costs in fiscal 2007.

Salaries and benefits decreased from \$84,795 in fiscal 2006 to \$75,929 in fiscal 2007. The exploration activity in Sierra Leone contributed to the increase in administration salaries and office costs related to the tracking and recording of costs incurred.

Stock-based compensation of \$232,287 relates to the vested portion of stock options granted to directors, officers, consultants and employees in fiscal 2006, and compares to \$67,867 related to the vested portion of stock options granted to directors, officers, consultants and employees in fiscal 2007. These options were valued using the B-S option valuation model developed for use in estimating the fair value of traded options that are fully transferable and have no vesting restrictions. The Company’s stock options are not transferable and cannot be traded. The Company used historical volatility rates of 85% in fiscal 2007 and 109% in fiscal 2006.



Shareholder communications increased from \$190,246 in fiscal 2006 to \$286,510 in fiscal 2007. The Company has an agreement with Arbutus Enterprises Ltd. (“Arbutus”) to provide investor relations services at a monthly fee of \$2,000. Arbutus was paid \$24,000 in both fiscal 2007 and 2006. Axino AG was paid \$82,500 in fiscal 2007 for services primarily related to the European markets. Listing and filing fees decreased from \$28,933 in fiscal 2006 to \$20,839 in fiscal 2007. Transfer agent fees increased from \$9,632 in fiscal 2006 to \$12,649 in fiscal 2007. Website, printing, conference fees, annual general meeting materials, and related shareholder communications costs increased from \$65,595 in fiscal 2006 to \$147,357 in fiscal 2007. The largest portion of the increase relates to advertising and printed material which increased from \$32,287 in fiscal 2006 to \$81,762 in fiscal 2007.

Travel and conference expenses decreased from \$49,139 in fiscal 2006 to \$19,458 in fiscal 2007, due primarily to less travel to investor conferences during the year.

In fiscal 2005, the Company could not determine the recoverability of value-added taxes paid in Mexico in prior years. As a result, \$91,411 in value-added taxes recoverable was written off. In fiscal 2006, \$69,841 of the prior years’ value-added taxes was recovered. No recoveries or write-downs were recorded in fiscal 2007.

### **Three Months Ended March 31, 2008 (“Q4 2008”), Compared to Three Months Ended March 31, 2007 (“Q4 2007”)**

In Q4 2008, Cream incurred a loss of \$1,885,695 or \$0.03 per common share, compared to a loss of \$189,852, or \$0.01 per common share in Q4 2007. Total operating expenses, before interest income, were \$1,886,783 in Q4 2008 as compared to \$191,174 in Q4 2007. In Q4 2007, there was a \$9,614 loss on foreign exchange related to transactions associated with operations in Mexico and Sierra Leone compared to a gain of \$6,963 in Q4 2008.

In Q4 2008, the Company wrote down its interest in the Sewa River onshore claim in Sierra Leone by \$1,586,240 to a nominal value of \$1, with no comparative property write-downs in Q4 2007.

Legal, accounting and audit fees increased from \$9,952 in Q4 2007 to \$21,026 in Q4 2008, primarily due to an increase in legal expense. Salaries and benefits increased from \$19,948 in Q4 2007 to \$28,121 in Q4 2008. Non-cash stock-based compensation related to vesting of stock options granted to directors, consultants and employees in fiscal 2008 included in Q4 2008 is \$71,612 compared to \$5,440 in Q4 2007.

Shareholder communications remained at the same level - \$80,802 in Q4 2008 compared to \$80,323 in Q4 2007. This includes consulting fees paid to Axino AG, Arbutus, CHF, and Robert Paul.

Travel and conference costs of \$13,406 in Q4 2008 compare to \$12,875 in Q4 2007. The Company had a representative at the Prospectors and Developers Conference in both fiscal quarters.

In both Q4 2008 and Q4 2007, management fees of \$30,000 were paid to Lang Mining for the services of the president. Kent Avenue Consulting Ltd. received \$4,500 in Q4 2007 and \$6,000 in Q4 2008.

### **Three Months Ended March 31, 2007, Compared to Three Months Ended March 31, 2006 (“Q4 2006”)**

In Q4 2007, Cream incurred a loss of \$189,852 or \$0.01 per common share, compared to a loss of \$156,564, or \$0.00 per common share in Q4 2006. Total operating expenses, before interest income, were \$191,174 in Q4 2007 as compared to \$156,847 in Q4 2006. In Q4 2007, there was a \$9,614 loss on foreign exchange related to transactions associated with operations in Mexico and Sierra Leone in Q4 2006, compared to a loss of \$704 in Q4 2006.

Legal, accounting and audit fees decreased from \$19,543 in Q4 2006 to \$9,952 in Q4 2007, primarily due to a decrease in legal expense. Salaries and benefits decreased from \$23,573 in Q4 2006 to \$19,948 in Q4 2007. Non-cash stock-based compensation related to vesting of stock options granted to directors, consultants and employees included in Q4 2006 is \$33,567 compared to \$5,440 in Q4 2007.

Shareholder communications increased from \$51,671 in Q4 2006 to \$80,323 in Q4 2007. Consulting fees of \$6,000 were paid to Arbutus in each fiscal period. Fees of \$22,500 were paid to Axino AG in Q4 2007, compared to \$Nil in Q4 2006 which accounts for the majority of the quarterly change.

Travel and conference costs of \$8,764 in Q4 2006 compare to \$12,875 in Q4 2007. The Company had a representative at the Prospectors and Developers Conference in both fiscal years. Travel by management to review the Nuevo Milenio property also contributed to the increase.

In Q4 2007, management fees of \$30,000 were paid to Lang Mining Corporation for the services of the president, pursuant to an agreement dated January 1, 2003, as amended, compared to \$7,500 in Q4 2006. Consulting fees of \$2,000 were paid to Kent Avenue Consulting Ltd. in Q4 2006, compared to \$4,500 in Q4 2007.

### **Liquidity and Capital Resources**

#### **Year ended March 31, 2008**

Historically, the Company's sole source of funding was the issuance of equity securities for cash, primarily through private placements to sophisticated investors. The Company has issued common shares in each of the past few years pursuant to private placement financings and the exercise of warrants and options.

At March 31, 2008, Cream had a working capital deficiency of \$1,060,686 (a measurement tool generally defined as current assets less current liabilities) compared to working capital of \$3,610 at March 31, 2007, and an accumulated deficit of \$21,621,944 (March 31, 2007 - \$18,595,166).

#### Plans for Fiscal 2009

The Company is focusing on the permitting exploration of its Nuevo Milenio property and expending flow-through funds on its mineral property interests in Manitoba and British Columbia.

At March 31, 2008, the Company had a significant working capital deficiency, as noted above. The deficiency is primarily an interest-bearing loan payable to Frank Lang of \$700,000 and additional cash advances of approximately \$385,000 at August 29, 2008. It is estimated that it may require approximately \$2.0 - \$4.0 million in total working capital to operate the Company and repay the advances from Mr. Lang over the next fiscal year, unless portions of the loans are converted to some form of equity. At the date of this Annual Report on Form 20-F, no negotiations have been entered into with respect to this liability.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

At the time of entering into an agreement to issue 411,764 common shares in consideration of a loan agreement, Mr. Lang initially advanced \$700,000 to the Company without interest or repayment terms. In consideration of loan to the Company, the Company entered into an agreement to issue 411,764 common shares to Mr. Lang as bonus shares in lieu of interest to that date. The value of these shares has been calculated at \$140,000. Pursuant to the terms of the loan agreement, the Company will pay interest to Mr. Lang on a per annum rate of six percent (6%). Interest is payable quarterly commencing ninety (90) days from the date of regulatory approval, and interest payments will be payable every ninety (90) days thereafter until the loan is repaid in full. To March 31, 2008, Mr. Lang has been paid \$14,010. The loan and accrued interest thereon may be prepaid by the Company in whole or in part at any time and from time to time, without penalty. Mr. Lang has advanced an additional \$249,244 to March 31, 2008, and an additional \$139,116 to August 29, 2008, which has been advanced without interest or repayment terms. All debt owing to Mr. Lang is unsecured.

### **Investing Activities**

Current assets decreased to \$272,021 at March 31, 2008, from \$404,737 at March 31, 2007. The market value of investments in marketable securities was \$24,767 at March 31, 2008, compared to \$34,304 at March 31, 2007. The marketable securities held are highly volatile. At March 31, 2008, the book value of these publicly traded securities is \$31,704 (2007 - \$31,704). Investments include shares with a book value of \$30,796 (2007 - \$30,796) that are investments in companies with officers and directors in common with the Company.

## **Mineral Property Acquisitions and Payments**

In October 2007, the Company entered into an option agreement to acquire 100% interest in the Grand Nickel Project, being the Cedar 1, MB7355 and MEL 324B claims, located in the Thompson Nickel Belt, approximately 40 kilometres north-west of the town of Grand Rapids, Manitoba. Cream has the exclusive right and option to earn a 100% interest in the property by making payments totalling \$105,000 and issuing 200,000 common shares to the optionor over a 48-month period. The Company is to make cash payments to the optionor of \$10,000 on regulatory approval (paid); \$15,000 one year following regulatory approval; \$40,000 two years and \$40,000 three years following regulatory approval. The Company is to issue at its option a total of 200,000 common shares as follows: 50,000 common shares upon regulatory approval (issued); and 50,000 common shares annually on the same payment dates as the cash payments noted above. The Company must incur exploration expenditures totalling \$5,000 within one year following the date of regulatory approval, \$10,000 cumulative on or prior to the second anniversary; \$15,000 cumulative on or prior to the third anniversary; and \$20,000 cumulative on or prior to the fourth anniversary of regulatory approval. Upon completion of the terms, the property will be subject to a 2.0% NSR payable to the optionor from the production of gold, silver and all base metals and other minerals derived from the property. The Company has the right to reduce the NSR to 1.0% by making a payment of \$1,000,000 to the optionor at any time up to and including the commencement of commercial production.

In fiscal 2005, the Company jointly entered into an agreement to option two (2) staked claims namely the Trout and Trout 1 claims located approximately 130 km east of Gillam, Manitoba (the "Trout Claim Group") and encompassing an area of 256 hectares. The Trout Claim Group is contiguous with and encompassed by the Stephens Lake Claim Group, which is held by the same optionees (namely the Company, Sultan, and ValGold). Under the terms of the agreement the optionees agreed to make total cash payments of \$110,000 and issue 200,001 common shares, all of which were issued by the Companies at the date of this report. The optionees are vested with 75% of the Trout Claim Group and may enter into a 75:25 joint venture for the further exploration and development of the Trout Claim Group. The joint venture agreement has not yet been entered into. No further option payments are due on the Trout Claim group option agreement.

The Company holds an option to acquire a 100% interest in the Goldsmith property located near Kaslo, British Columbia, which is comprised of the Goldsmith property and the Lucky Jack mineral claims. The Goldsmith option agreement calls for the issuance of 200,000 common shares (issued) and cash payments totalling \$110,000 (\$50,000 paid) over six years. A payment of \$20,000 was made subsequent to March 31, 2008.

The Lucky Jack option agreement requires the issuance of 200,000 common shares (issued) and payments totalling \$110,000 (\$70,000 paid) over six years. A payment was made subsequent to March 31, 2008.

The Kootenay Gemstone property agreement requires the issuance of 500,000 common shares (issued) and cash payments totalling \$100,000 (\$20,000 paid) over 48 months. A payment of \$10,000 payable on February 21, 2005, was deferred to February 21, 2008, but at the date of this annual report has not yet been paid.

The 100% held Nuevo Milenio property is located south east of the city of Tepic in the State of Nayarit, Mexico. Due to financing constraints and exploration of other mineral property interests, in fiscal 2005 the Company wrote down the property by \$1,523,030 to a nominal carrying value of \$1. The size of the Nuevo Milenio property has also been reduced by the CMM 1 claims and the remainder of the claims have been reduced in size by approximately 33% to reduce carrying costs on the property, which primarily involves payment of taxes relating to the concessions held. On the Nuevo Milenio property, tax payments are required to be made twice yearly on an escalating basis, in January and July of each year, to maintain the concessions. All taxes on the current property holdings are in good standing.

## **Mineral Property Option Payments Due In Fiscal 2009**

The Company must make cash payments totalling \$160,000 and issue 150,000 common shares in the year ended March 31, 2009, to maintain the mineral property interests held at March 31, 2008. At the date of this report, cash payments of \$80,000 have been made and 50,000 common shares have been issued pursuant to the agreements.

## **Capital Resources**

During the year ended March 31, 2008, the Company entered into one private placement. A total of 2,750,500 common shares were issued in a non-brokered private placement of 2,750,500 units at a price of \$0.45 per unit for

gross proceeds of \$1,237,725. Each unit was comprised of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share for a period of 24 months from closing at an exercise price of \$0.55 per share in the first twelve (12) months and \$0.65 per share for the balance of the two year term. Compensation was paid to certain eligible arm's-length parties (the "Finders"), and was comprised of a cash commission totalling \$64,638, equal to 8% of the gross proceeds received by the Company from the sale of units by such Finders, and a total of 143,640 non-transferable warrants (the "Finder's Warrants") equal to 8% of the number of units sold by such Finders. Each Finder's Warrant entitles the holder, on exercise, to purchase one additional common share of the Company (a "Finder's Warrant Share") for a period of two years following the date of issue of the Finder's Warrants at an exercise price of \$0.55 per Finder's Warrant Share in the first twelve (12) months and \$0.65 per Finder's Warrant Share for the balance of the two year term. This private placement closed in two tranches. The Finder's Warrants were valued using a B-S pricing model using the following assumptions: weighted average risk free interest rate – 4.08%; volatility factors of 91% to 93%, and an expected life of two years. The value attributable to each of the Finder's Warrants was \$0.16 to \$0.22.

During the year ended March 31, 2008, 1,145,500 stock options were exercised at prices ranging from \$0.15 to \$0.54 to provide \$252,130 to the treasury and 1,745,300 warrants were exercised at \$0.45 to provide \$785,385 to the treasury.

The Company has a stock option plan for its directors and employees to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. The Company may issue up to 8,941,761 common shares under the plan. At March 31, 2008, 5,349,900 (March 31, 2007, 3,770,400) stock options have been granted and are outstanding, exercisable for up to five years. The stock option plan provides for vesting of 25% on the date of grant and 25% every six months thereafter.

During the year ended March 31, 2008, the fair value of 1,855,000 stock options granted was estimated on the date of grant using the Black-Scholes ("B-S") option-pricing model with the following weighted average assumptions: Risk free interest rate – 4%; expected life in years – 3.25, and expected volatility of 82%. The fair value per option granted during the period was \$0.28.

The Company granted 780,000 stock options for investor relations services. These options were granted as follows: 260,000 at a price of \$0.75, 260,000 at a price of \$0.85, and 260,000 at a price of \$0.95, all with an expiry date of September 21, 2012. The fair value of the stock options granted was estimated on the date of grant using the B-S option-pricing model with the following weighted average assumptions: Risk free interest rate – 4.59%; expected life in years – 1.5, and expected volatility of 92%. The fair value per option at the time of grant was \$0.13, \$0.125 and \$0.11 for the options granted at prices of \$0.65, \$0.75 and \$0.85, respectively. The stock options were cancelled effective August 31, 2008, as the investor relations services contract was terminated.

The Company granted 150,000 stock options for investor relations services at a price of \$0.50 per share, exercisable for until December 11, 2012. The fair value of the stock options granted was estimated on the date of grant using the B-S option-pricing model with the following weighted average assumptions: risk free interest rate – 4.18%; expected life in years – 5, and expected volatility of 93%. The fair value per option at the time of grant was \$0.28.

The Company granted 225,000 stock options to geological consultants at a price of \$0.50 per share, exercisable until February 4, 2013. The fair value of the stock options granted was estimated at the date of grant using the B-S options pricing model with the following weighted average assumptions: risk-free interest rate – 3.21%; expected life in years – 1.0; and expected volatility of 83%. The fair value per option at the time of grant was \$0.08. The consultants' options agreement expired in August 2008, due to termination of services.

Without continued external funding to finance further exploration and development work on its mineral properties, there is substantial doubt as to the Company's ability to operate as a going concern. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to achieve profitable mining operations or obtain adequate financing.

Subsequent to March 31, 2008, the Company completed a private placement financing consisting of 1,658,635 non flow-through units ("NFT Unit) at a price of \$0.22 per NFT Unit, each NFT Unit consisting of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional

common share of the Company for a period of 12 months from closing at an exercise price of \$0.25. Compensation of 91,000 finder's units was issued and payment of a finder's fee of \$2,912 was made with respect to this financing. Each finder's unit consists of one common share and one non-transferable share purchase warrant. Each finder's unit warrant will entitle the holder, on exercise, to purchase one additional common share of the Company for a period of 12 months following the date of issue of the finder's unit at an exercise price of \$0.25.

In addition, 1,010,800 flow-through units ("FT Unit") were issued at a price of \$0.25 per FT Unit. Each FT Unit was comprised of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company for a period of 12 months from closing at an exercise price of \$0.28. Compensation of 81,080 finder's units was issued and a payment of a finder's fee of \$3,088 was made with respect to this financing. Each finder's unit consists of one common share and one non-transferable share purchase warrant. Each finder's unit warrant will entitle the holder, on exercise, to purchase one additional common share of the Company for a period of 12 months following the date of issue of the Finder's Unit at an exercise price of \$0.28.

If the Company shares trade at or above \$0.40 per share for 10 consecutive trading days, the Company may, at its discretion, accelerate the expiration of the Warrants and Finder's Unit Warrants by providing notice in writing to the holders of such securities, whereby the Warrants and Finder's Unit Warrants will expire within 30 days from the date of such written notice.

The Company does not have any long-term debt, but Mr. Frank A. Lang has a loan agreement and additional advances that are recorded as liabilities to related parties. At the time of entering into an agreement to issue 411,764 common shares in consideration of a loan agreement, Mr. Lang had initially advanced \$700,000 to the Company without interest or repayment terms. In consideration of loan to the Company, the Company entered into an agreement to issue 411,764 common shares to Mr. Lang as bonus shares in lieu of interest to that date. The value of these shares was calculated at \$140,000. Pursuant to the terms of the loan agreement, the Company will pay interest to Mr. Lang on a per annum rate of six percent (6%). Interest is payable quarterly commencing ninety (90) days from the date of regulatory approval, and interest payments will be payable every ninety (90) days thereafter until the loan is repaid in full. To March 31, 2008, Mr. Lang has been paid \$14,010. The loan and accrued interest thereon may be prepaid by the Company in whole or in part at any time and from time to time, without penalty. Mr. Lang has advanced an additional \$249,244 to March 31, 2008, which has been advanced without interest or repayment terms. All debt owing to Mr. Lang is unsecured.

At March 31, 2008, the following warrants were exercisable:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
1,250,000	\$0.50	February 21, 2009
745,000	\$0.55/\$0.65	November 30, 2008/09
49,600	\$0.55/\$0.65	November 30, 2008/09
630,250	\$0.55/\$0.65	December 10, 2008/09
94,040	\$0.55/\$0.65	December 10, 2008/09
<b>2,768,890</b>		

#### **Year ended March 31, 2007**

Historically, the Company's sole source of funding was the issuance of equity securities for cash, primarily through private placements to sophisticated investors. The Company has issued common shares in each of the past few years pursuant to private placement financings and the exercise of warrants and options.

#### **Investing Activities**

Current assets decreased to \$404,737 at March 31, 2007, from \$432,366 at March 31, 2006. The Company would have been able to meet its current commitments of \$401,127 (March 31, 2006 - \$466,508) from its current cash balances at March 31, 2007, but would require further financing to continue operations.

The marketable securities held are highly volatile. At March 31, 2007, the book value of these publicly traded securities is \$31,704 (2006 - \$31,704). Investments include shares with a book value of \$30,796 (2006 - \$30,796) that are investments in companies with officers and directors in common with the Company.

Costs of \$59,655 incurred were expensed in the year ended March 31, 2006. In the third quarter of fiscal 2006, the Company recommenced capitalizing costs on the Nuevo Milenio property due to increasing silver prices, and \$1,077,716 has been capitalized to March 31, 2007.

In fiscal 2005, Cream, through its wholly owned Mexican subsidiary, Cream Minerals de Mexico, S.A. de C.V. ("CMM"), wrote off costs totalling \$472,948 on the Fenix properties in the year ended March 31, 2005. Costs incurred in the year ended March 31, 2006, of \$113,042 were written off in the period of expenditure.

In February 2005, Cream entered into an agreement with Casierra Diamond Corporation and its wholly-owned subsidiary, Casierra Development Fund Inc, to acquire an interest in two large exploration licences for diamonds in Sierra Leone, West Africa. The Company has earned up to a 70% interest in the licences by financing US\$500,000 in work and issuing 500,000 common shares. The two licences include the Hima Licence EPL1/94 on the Sewa River and its banks, and an offshore licence, EPL 5/94 at the mouths of the Mano and Moa rivers in southern Sierra Leone.

A form of joint venture will be constituted between the two parties and each party will contribute to further expenditures on the property in accordance with its interest. If the optionor is unable to fund its share of joint venture expenditures, Cream will advance funds on its behalf, such advances to be repaid, with interest at LIBOR plus 1%, out of 80% of the optionor's share in the net proceeds of production from the property prior to any other distribution to the optionor.

Expenditures incurred on the Casierra property in fiscal 2007 include the following: Acquisition costs - \$99,000; community relations - \$41,327; dredging and bulk sampling - \$464,781; geological and geophysical - \$181,500; site activities - \$173,102, and travel and accommodation- \$202,723.

Acquisition and exploration costs incurred in fiscal 2007 totalled \$2,513,803.

In summary, in fiscal 2007, Cream incurred cash payments of \$48,333 and issued 566,667 common shares for the acquisition of mineral property interests on the Casierra, Kootenay Gemstone, Goldsmith, Lucky Jack, Trout Claim Group and Wine properties. In addition, claim fees of \$14,762 were paid on these properties.

Other exploration expenditures in fiscal 2007 include \$49,860 on exploration of its British Columbia properties, other than the Kaslo property. This included \$10,050 on assays and analysis, \$28,941 on geological services; \$807 on site activities and \$9,882 on travel and accommodation. Exploration expenditures in Manitoba totalled \$30,057 in fiscal 2007. Exploration expenditures totalled \$98,444 on the Kaslo Silver Property in fiscal 2007.

### **Capital Resources**

In fiscal 2007, the Company completed the following share placements:

- i. On June 1, 2006, the Company completed a private placement of 3,000,000 units at a price of \$0.60 per unit. Each unit was comprised of one common share and one half of one non-transferable share purchase warrant, exercisable at a price of \$0.75 until June 1, 2007. These warrants expired, unexercised.
- ii. On February 22, 2007, the Company completed a private placement of 2,500,000 units at a price of \$0.40 per unit. Each unit was comprised of one common share and one half of one non-transferable share purchase warrant, exercisable at a price of \$0.50 until February 21, 2009.

In fiscal 2007, 877,900 stock options were exercised at prices of \$0.10 to \$0.54 to acquire 877,900 common shares. On August 3, 2005, 100,000 and 310,000 stock options were granted to directors, officers, consultants and employees at prices of \$0.50 and \$0.53 per June 12, 2011, and January 29, 2012, respectively. Stock-based compensation of \$101,020 in fiscal 2007 relates to the vested portion of stock options granted to directors, officers, consultants and employees, compared to \$238,965 related to the vested portion of stock options granted to directors, officers, consultants and employees in fiscal 2006. These options were valued using the B-S option valuation model developed for use in estimating the fair value of traded options that are fully transferable and have no vesting restrictions. The Company's stock options are not transferable and cannot be traded. The Company used historical volatility rates of 85% in fiscal 2007 and 109% in fiscal 2006.

Insiders of Cream purchased an aggregate 51.2% of the private placement of 3,000,000 units at \$0.60 noted above. Lang Mining and Dauntless Developments Ltd. (“Dauntless”), both private companies controlled by Frank A. Lang, acquired 1,000,000 units and 242,234 units, respectively, on the same terms as the other subscribers to the private placement. Immediately prior to the closing of the private placement, Frank A. Lang beneficially owned or had control or direction over 8,869,953 common shares and securities convertible into 2,863,000 common shares of Cream equal in aggregate to approximately 33% of the issued and outstanding common shares of Cream. The acquisition of 1,000,000 units by Lang Mining and 242,234 units by Dauntless constitutes an increase to the beneficial holdings of Frank A. Lang of 4.9% of the post closing issued and outstanding common shares of Cream. Of these securities, Lang Mining held 3,383,403 common shares and securities convertible into 500,000 common shares of Cream equal in aggregate to approximately 10% of the post closing issued and outstanding common shares of Cream, and Dauntless held 1,273,254 common shares and securities convertible into 214,117 common shares of Cream equal in aggregate to approximately 3.9% of the post closing issued and outstanding common shares of Cream.

Additionally, Ferdinand Holcapek and Sargent H. Berner, both directors of Cream, purchased 250,000 Units and 45,000 units, respectively, on the same terms as the other subscribers to the private placement. Post closing, Mr. Holcapek held or had control or direction over 2,327,037 common shares and securities convertible into 645,000 common shares of Cream equal in aggregate to approximately 7.8% of the post closing issued and outstanding common shares of Cream, and Mr. Berner held or had control or direction over 213,500 common shares and securities convertible into 332,500 common shares of Cream equal in aggregate to approximately 1.4% of the post closing issued and outstanding common shares of Cream.

Frank A. Lang holds approximately 33% of the issued and outstanding shares of Casierra Diamond Corporation, incorporated in British Columbia and its wholly-owned subsidiary company, Casierra Development Fund Inc., also incorporated in British Columbia, which hold an interest in two prospecting licence areas for diamonds and other minerals and metals in Sierra Leone, West Africa.

At March 31, 2007, the following warrants were exercisable:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
1,909,500	\$0.45	April 18, 2007
1,000,000	\$0.40	March 21, 2008
1,500,000	\$0.75	June 1, 2007
1,250,000	\$0.50	February 21, 2009
<b>5,659,500</b>		

## **Year Ended March 31, 2006**

### **Investing Activities**

Current assets increased to \$432,366 at March 31, 2006, from \$272,923 at March 31, 2005. The Company would have been unable to meet its current commitments of \$466,508 (March 31, 2005 - \$138,550) from its current cash balances at March 31, 2006, if the Company had not completed a completed a non-brokered private placement of 3,000,000 units at a price of \$0.60 per unit, for gross proceeds of \$1,800,000, shortly after the fiscal 2006 year end.

The market value of investments in marketable securities was \$36,686 at March 31, 2006, compared to \$33,166 at March 31, 2005. The marketable securities held are highly volatile. The book value of these securities is \$31,704 (2005 - \$31,704). Investments in shares of ValGold Resources Ltd. and Abitibi Mining Corp. have been written down to the trading price of the common shares on March 31, 2005. Investments include shares with a book value of \$30,796 (March 31, 2005 - \$30,796) that are investments in companies with officers and/or directors in common with the Company. Cream also holds 100,000 shares of Terra Gaia Inc., a private company, at a nominal carrying value of \$1. This investment was written down by \$24,999 in fiscal 2006.

### **Mineral Property Acquisitions and Payments**

Costs of \$59,655 incurred on the Nuevo Milenio property in Mexico were expensed in the year ended March 31, 2006. In the third quarter of fiscal 2006, the Company recommenced capitalizing costs on the Nuevo Milenio property due to increasing silver prices, and \$107,198 was capitalized to March 31, 2006.

In fiscal 2005, Cream wrote off costs totalling \$472,948 on the Fenix properties in the year ended March 31, 2005. Costs incurred in the year ended March 31, 2006, of \$113,042 were written off in the period of expenditure.

Expenditures incurred on the Casierra property in Sierra Leone in fiscal 2006 include the following: Acquisition costs - \$20,241; drilling - \$18,172; geological and geophysical - \$216,853; site activities - \$63,541, and travel and accommodation- \$58,838.

In fiscal 2006 Cream entered into an option agreement with W. S. Ferreira Ltd. to acquire 100% interest in the Wine Wine Property. Acquisition and exploration costs incurred in fiscal 2006 total \$34,036.

In summary, in fiscal 2006, Cream incurred cash payments of \$31,667 and issued 266,667 common shares for the acquisition of mineral property interests on the Kootenay Gemstone, Goldsmith, Lucky Jack, Trout Claim Group and Wine properties.

Other exploration expenditures in fiscal 2006 include \$17,980 on exploration of its British Columbia properties. This included \$1,616 on assays and analysis, \$8,985 on geological services and \$1,516 on travel and accommodation on the Kaslo, Goldsmith, Kootenay Gemstone and Lucky Jack properties. Exploration expenditures in Manitoba totalled \$2,355 in fiscal 2006.

### **Financing Activities**

In fiscal 2006, the Company completed the following share placements:

- i. On April 18, 2005, the Company completed a private placement of 2,000,000 units at a price of \$0.35 per unit. Each unit was comprised of one common share and one non-transferable share purchase warrant, exercisable at a price of \$0.45 until April 18, 2006. In addition, the Company issued 32,350 finders' fee units, which were equal to 5% of the total number of units purchased. The expiry date of the warrants was extended for a one year period, to April 18, 2007.
- ii. On March 21, 2006, the Company completed a private placement of 2,000,000 units at a price of \$0.30 per unit. Each unit was comprised of one common share and one half of one non-transferable share purchase warrant, exercisable at a price of \$0.40 until March 21, 2008. Mr. Frank A. Lang, the president, chairman and a director of the Company was the sole placee.

In fiscal 2006, 776,600 stock options were exercised at prices of \$0.10 to \$0.165 to acquire 776,600 common shares, and On August 3, 2005, 1,485,000 stock options were granted to directors, officers, employees and consultants at a price of \$0.165 per share, expiring August 3, 2010, and 500,000 stock options were granted to an officer and director, at a price of \$0.215 per share, with an expiry date of October 28, 2010.

Stock-based compensation of \$232,287 in fiscal 2006 relates to the vested portion of stock options granted to directors, officers, consultants and employees, compared to \$288,601 related to the vested portion of stock options granted to directors, officers, consultants and employees in fiscal 2005. These options were valued using the Black-Scholes option valuation model developed for use in estimating the fair value of traded options that are fully transferable and have no vesting restrictions. The Company's stock options are not transferable and cannot be traded. The Company used historical volatility rates of 109% in fiscal 2006 and 141% in fiscal 2005.

At March 31, 2006, the following warrants were exercisable:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
2,000,000	\$0.45	April 18, 2007
32,350	\$0.45	April 18, 2006
1,000,000	\$0.40	March 21, 2008
<b>3,032,350</b>		

The expiry date of 2,000,000 of the warrants described above was extended from April 18, 2006, to April 18, 2007, and the majority of these were exercised.



## Financial Constraints

All of Cream's short to medium-term operating and exploration cash flow must be derived from external financing. As discussed below, Cream will continue to have to rely on financing to carry on its proposed exploration programs for fiscal 2009. In the event that market conditions prevent Cream from receiving external financing, Cream will be forced to review its property holdings and prioritize its project exploration to fit within cash availability. Cream's primary exploration focus is currently on the Nuevo Milenio property in Mexico, the Wine and Cedar claims in Manitoba and the Goldsmith and Kootenay Gemstone properties in British Columbia. The Company is seeking joint venture partners for its Casierra licences in Sierra Leone.

With respect to its Kaslo Silver property, Cream has planned a \$3 million exploration program that would include geological mapping, expanded geophysical surveys, gravity surveys, additional soil sampling and 12,100 meters of diamond drilling and bulk sampling over existing zones and new targets, on the Black Bear, Black Fox and Ben Hur areas of the property. This program is contingent on obtaining additional financing.

During the year ended March 31, 2001, Cream acquired three mining lots in the State of Nayarit, Mexico, by denouncement (the Nuevo Milenio property). The property was decreased to reduce carrying costs in fiscal 2005. In Mexico, tax payments are due in January and July of each year for all mineral property concessions. These payments escalate and are indexed for all exploration permits. To date, Cream has made all required tax payments, including the payment made in July 2008. The Company completed a drilling and exploration program in May 2004 and is currently planning further drilling, pending financing. Exploration results are summarized in Item 4 of this annual report.

Exploration programs on the Company's mineral property interests are contingent on satisfactory exploration results and the ability of the Company to obtain financing, as the Company has no other source of revenue.

It will be necessary for the Company to enter into a form of private placement or similar form of financing in order to continue with property and exploration commitments on its mineral properties.

Of Cream's issued and outstanding shares, there are no shares held in escrow, nor have there been any shares held in escrow in the past five fiscal years.

The Company's ability to continue in operation has generally been dependent on the continuing support of its creditors, funding from related parties, and the Company's ability to secure additional financing. While it has been successful in securing additional financing in the past, there can be no assurance that it will be able to do so in the future. Accordingly, these financial statements do not reflect adjustments to the carrying value of assets and liabilities and balance sheet classifications that would be necessary if going concern assumptions were not appropriate. Some adjustments could be material, and as the Company is dependent on external sources of financing, there may be significant doubt about the ability of the Company to continue as a going concern in future periods.

Cream does not have any material commitments for capital expenditures and accordingly can remain relatively flexible in gearing its activities to the availability of funds. As of the end of the fiscal 2008 year Cream estimates the minimum cost of maintaining its corporate administrative activities at approximately \$30,000 per month, based on current levels of activity. Accordingly Cream's management estimates that a minimum of \$720,000 will be needed to maintain its corporate status and assets over the ensuing two-year period, including minimal exploration and claims related activity. Cream does not have sufficient working capital reserves at this time to ensure continued viability over this period of time.

Cream has made all share and cash commitments on the mineral property interests currently held. It does not currently anticipate any deficiencies in long-term liquidity but if any such deficiencies arise, Cream would expect to raise additional funds through private placements of its shares, or some other form of equity financing.

Cream will need to raise additional financing to complete its proposed exploration programs for fiscal 2009. In the event that market conditions prevent Cream from receiving additional external financing if required, Cream will be forced to review its property holdings and prioritize project exploration to fit within cash availability.

With respect to its mineral property interests, Cream has planned a \$3 million exploration program that will include geological mapping, expanded geophysical surveys, gravity surveys, additional soil sampling and 12,100 meters of diamond drilling over existing zones and new targets, on the Black Bear, Black Fox and Ben Hur areas of the Kaslo Silver Property. This program is contingent on obtaining additional financing. To date the Company has not started this program, as it has not had sufficient financing. Cream also has a bulk sampling program planned at a cost of US\$500,000 originally planned to start in October 2007 on the Casierra Property, in addition to further drilling and sampling on the Nuevo Milenio property. All of these programs are dependent upon adequate financing. Nuevo Milenio drilling, additional drilling on the Wine and Cedar claims, and assessment work on the British Columbia properties are the initial exploration plans for fiscal 2009.

## **Financial Instruments**

The Company's financial instruments may be comprised of cash and cash equivalents, short term investments, taxes recoverable, amounts due to and from related parties, accounts payable and accrued liabilities. Financial instruments are recorded at cost as their fair values approximate their carrying values due to the immediate or short-term maturity of the financial instruments. Cream primarily holds its financial instruments denominated in Canadian dollars and does not engage in any hedging operations with respect to currency or in-situ minerals. Excess funds on hand, over and above planned expenditures are invested in Government of Canada or like debt obligations and other short term cash investments pending the requirement for the funds.

### **C. Research and development expenditures, patents and licenses**

Cream is a mineral resource expenditure based corporation and accordingly does not have a program of intellectual property development or patenting or licensing issues.

### **D. Trend information**

As a natural resource exploration company, Cream's activities are cyclical as metals prices have traditionally been cyclical in nature. The recent trend for metals prices, however, has been somewhat volatile for gold and silver.

#### Silver

From a historical perspective Cream has strategically focused its exploration activities on potential silver based prospects. According to the Silver Institute in Washington, D.C., total global silver fabrication grew 1 percent in 2007 to 843.7 million ounces ("Moz"). Most notably, industrial applications, a key constituent of the overall demand complex, posted an impressive 7 percent gain to 455.3 Moz, recording the sixth consecutive year of growth in this category. In fact, in the period since the technology related slump in 2001, industrial applications have added an impressive 120.1 Moz to silver demand. A key factor behind the increase last year was the more than 6 percent rise in the electrical and electronics sector, which broke the 200 Moz mark for the first time. India, China and the United States accounted for 70 percent of the world rise in all industrial uses, while Germany, Italy and France also posted gains. Total industrial demand reached 54 percent of total global silver fabrication demand in 2007.

Jewellery fabrication coped well with high and volatile silver prices, slipping by only 2 percent in 2007, the product of weaker offtake in Europe and the Indian Sub-Continent, which offset growth in East Asia, where Chinese jewellery fabrication grew by a noteworthy 13 percent in 2007. Silverware demand fell by a modest 4 percent in 2007 to 58.8 Moz, as losses in India, Europe and Mexico were partially countered by gains for Russia and China.

Photographic demand continued to decrease, falling by 11 percent in 2007 to 128.3 Moz. The bulk of the decline was accounted for by lower consumer demand for color film, this sector being most affected by further inroads from digital photography. Total global silver fabrication grew 1 percent in 2007 to 843.7 Moz. Most notably, industrial applications, a key constituent of the overall demand complex, posted an impressive 7 percent gain to 455.3 Moz, recording the sixth consecutive year of growth in this category. In fact, in the period since the technology related slump in 2001, industrial applications have added an impressive 120.1 Moz to silver demand.

Jewellery fabrication posted a nearly 5% loss in 2006, largely due to price-related losses in India. Indonesian and Chinese jewellery fabrication, however, grew by an impressive 18 and 16%. Lower fabrication in price-sensitive countries and structural taste shifts accounted for the 7.5 Moz dip in global silverware demand in 2006. About 60% of the silverware decline was due to India, where the price rise was evident in rupee terms.

Photographic demand continued to fall, decreasing by 10% in 2006 to 145.8 Moz. The bulk of the decline was the result of lower consumer film demand due to growth of digital imaging technology.

Global silver mine production rose by 4 percent in 2007, with particularly solid gains from Chile, China and Mexico. Total silver mine production reached 670.6 Moz last year. Peru was the world's biggest silver mining country in 2007, followed in the rankings by Mexico, China, Chile and Australia. Last year, silver generated at primary mines drove global totals higher, increasing by 11 percent to account for 30 percent of all silver mined. Cash costs at primary silver mines rose to a weighted average of US\$1.52 per ounce, driven by a combination of labour, consumables and energy cost rises. The net supply of silver from above-ground stocks dropped by 8 percent in 2007 to 173.1 Moz. The decline was mainly the product of lower net government sales and rising producer de-hedging, although scrap supply was also trimmed. De-hedging reduced the overall producer hedge position by a sizable 30 percent last year, the global book declining by 25.0 Moz. Despite higher silver prices, scrap volumes fell in 2007 by 3 percent, to 181.6 Moz, the result of falling Indian recycling with the rest of the world virtually flat on a net basis. Net government sales took a steep downturn in 2007, plummeting by 46 percent to 42.3 Moz. The decline was the result of two major sellers in 2006, namely China and India, being essentially absent in 2007. In contrast, Russian government sales, which comprised the bulk of net sales in 2006, rose, partly offsetting the others' declines.

Global silver mine production edged up fractionally in 2006, with notable gains in Latin America and Asia. Total silver mine production reached 646.1 Moz in 2006, with Peru, Mexico, China, Australia and Chile the top five silver mining countries. Last year, silver generated at primary mines fell by 10% to 161.4 Moz. Representing 25% of global silver production. Cash costs at primary silver mines contracted last year by 16% to average US\$2.74 per ounce.

The supply of silver from above-ground stocks on a net basis dropped by 4% in 2006 to 194.4 Moz. The decline was a result of a shift of net producer hedging to the demand side. Total scrap supply provided the market with 188.0 Moz of silver in 2006, virtually unchanged from 2005.

To document these and other market fundamentals, each year the Silver Institute works with GFMS Limited, of London, a leading research company, to prepare and publish an annual report of worldwide silver supply and demand trends, with special emphasis on key markets and regions. This annual survey also includes current information on prices and leasing rates, mine production, investment and fabrication. The silver price has increased from an average of US\$4.95 per ounce in 2000 to US\$13.38 per ounce in 2007. Most silver is a by-product of gold, copper, and lead/zinc mines, with primary silver production accounting for only approximately 20% of total mine production, or approximately 100 million ounces of silver. The fact that primary silver mining represents such a small percentage of total mine supply means that when the inevitable silver price increase occurs, only a fraction of production capacity will be available to meet immediate demands.

A primary factor affecting the price of silver is the available supply versus fabrication demand. In recent years, fabrication demand has greatly outpaced mine production forcing market participants to draw down existing stocks to meet demand. As these available sources continue to decline, silver's fundamentals continue to strengthen. However, since silver is a tangible asset, and is recognized as a store of value, its price can also be affected by changes in things such as inflation (real or perceived), changing values of paper currencies, and fluctuations in deficits and interest rates, to name a few.

Globally, exploration expense specifically for silver has declined over the last 5 to 8 years. With the ever-growing supply deficit, the demand for new low cost silver producing mines is becoming more important. While Cream's management is not in a position to forecast economic trends, management is aware that widely read business periodicals continue to predict economic softness so it is difficult to anticipate a near term recovery in the price of gold and silver.

### Diamonds

The marketability of diamonds acquired or discovered by the Company may be affected by numerous factors that are unpredictable and beyond the Company's control. These factors include market fluctuations, the proximity and capacity of processing and facilities and the performance of processing equipment. Other potential factors are government regulations, including those related to royalties, allowable production, importing and exporting of diamonds, requirements for "value added" processing of rough diamonds in a country and environmental protection. Any one or more of these factors may result in the Corporation not receiving an adequate return of investment capital.

The mining industry, in general, is competitive. Accordingly, there is no assurance that, even if commercial quantities of diamonds are discovered, a profitable market will exist for the sale of the diamonds produced. Factors beyond the control of the Company may affect the marketability of any diamonds or other minerals discovered. Pricing is affected by many factors beyond the Company's control including international economic and political trends, global or regional consumption and demand patterns, currency exchange rates, increased production and the influence of the world's major diamond producing companies. There is no assurance that the price of diamonds recovered will be such that they can be mined at a profit. Pricing is affected by numerous factors beyond the Company's control such as international economic and political trends, global or regional consumption and demand patterns, increased production and the influence of the world's largest diamond producer, De Beers Consolidated Mines Ltd.

The diamond market is dominated by a small number of major suppliers, most notably the Diamond Trading Corporation (a subsidiary of De Beers Consolidated Mines Ltd. ("De Beers")). There is no quoted market for diamonds, sale prices are typically kept confidential and the small number of major suppliers can affect the prices for which rough diamonds may be sold.

#### **E. Off-balance sheet arrangements**

The Company has no off-balance sheet arrangements that have or are reasonable likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

#### **F. Tabular disclosure of contractual obligations**

The Company has no long-term obligations. All mineral option payments and share issuances are at the option of the Company, and are made pursuant to the option agreements, and upon exploration results that warrant additional work. The following table summarizes the Company's option payments that may be made at the option of the Company, on its mineral property interests at March 31, 2008:

	Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	5 <sup>th</sup> and subsequent years (1)	Total
Kootenay Gemstone Property option	\$ 40,000	\$ 20,000	\$ --	\$ --	\$ --	\$ --	\$ 60,000
Goldsmith Property option	20,000	20,000	20,000			--	60,000
Lucky Jack option	20,000	20,000		--	--	--	40,000
Wine Property option	40,000		--	--	--	--	40,000
Grand Nickel Project option	15,000	40,000	40,000				95,000
	\$ 135,000	\$ 100,000	\$ 60,000	\$ --	\$ --	\$ --	\$ 295,000

(1) Mineral property option payments are made at the option of the Company, however non-payment of mineral property leases may result in forfeiture of Cream's rights to a particular property.

#### **G. Safe harbour**

Refer to Page 3 - "Cautionary Statement Regarding Forward-Looking Information."

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors and Senior Management

The following table lists the directors and senior management of the Company. The directors have served in their respective capacities since their election and/or appointment and will serve until the next annual general meeting or until a successor is duly elected, unless the office is vacated in accordance with the Articles/By-Laws of the Company.

Name and Position	Other Principal Directorships	Principal Business Activities Outside the Company
Frank A. Lang, President Chairman, President, Chief Executive Officer and Director	Sultan Minerals Inc., Acrex Ventures Ltd., Aurifer Capital Corp.	Chairman, President and Chief Executive Officer, Cream Minerals Ltd.
Arthur G. Troup Vice President, Exploration and Director	Sultan Minerals Inc.; Acrex Ventures Ltd.; Armadillo Resources Ltd. and Astorius Resources Ltd.	President, Sultan Minerals Inc.
Ferdinand Holcapek Director and Sole Administrator, Cream Minerals de Mexico, S.A. de C.V.	None	Director General and Sole Administrator, Cream Minerals de Mexico, S.A. de C.V. since 2000
Sargent H. Berner Director	ValGold Resources Ltd.; Emgold Mining Corporation, Aurizon Mines Ltd., Sultan Minerals Inc., Titan Logix Corp., Canadian Small Cap Resource Fund 2006 No. 1 and No. 2, 2007 No. 1 and No. 2 Limited Partnerships, NovaDX Ventures Corp., Pacific Ridge Exploration Ltd., Bordeaux Energy Inc., Magnate Ventures Inc., Palo Duro Energy Inc., and Olivut Resources Ltd.,	Co-Executive Chairman and Chief Executive Officer, Emgold Mining Corporation
Robin H. Merrifield Director	Acrex Ventures Ltd.	Senior Vice President and Chief Financial Officer, Uranium One Inc.
C. Douglas Lang	Coastal Community Credit Union and Stabilization Central Credit Union of British Columbia	Business consultant since 2005
Shannon M. Ross CFO and Corporate Secretary	Golden Pacific Capital Corp., Glenthorne Enterprises Inc., Canadian Small Cap Resource Fund 2006 No. 1 and No. 2 Limited Partnerships,	Chief Financial Officer of ValGold Resources Ltd. and Sultan Minerals Inc.

Frank A. Lang, P.Eng., Chairman, President, Chief Executive Officer and Director has been President of the Company from 1966. Mr. Lang is also Chairman of Sultan Minerals Inc. Prior to working full time in the mining industry, Mr. Lang was an industrial sales engineer with BC Hydro. Frank Lang has been involved in the operation and financing of junior resource companies for over 30 years.

Sargent Berner, Director, is a graduate of the University of British Columbia where he received his B.A. in 1963 and his LL.B. in 1966, and the London School of Economics, London, England where he received the degree of Master of Laws in 1967. From 1968 to 1976 he served as a full-time Assistant and Associate Professor of the Faculty of Law at the University of British Columbia and practised corporate, securities and natural resources law as an associate and/or partner in the Vancouver law firm of DuMoulin Black from 1976 to 2006. He is a consultant to LMC Management Services Ltd., which provides management and administrative and other services to the Company.

Ferdinand Holcapek is a geologist, and has been the Sole Administrator and Director General of Cream Minerals de Mexico, S.A. de C.V. since its incorporation in 1999. From 1996 to 2001 he was the Sole Administrator and Director General of Valerie Gold de Mexico, S.A. de C.V.

Arthur G. Troup, P.Eng, is Vice President, Exploration, to the Company. For several years prior to joining Cream, Mr. Troup was a geological consultant and President of Archean Engineering Ltd., a company offering project management and mineral exploration services. Mr. Troup graduated from McMaster University in Hamilton, Ontario with a M.Sc. in Geology and has 30 years experience in the mining industry throughout the world including working for Rio Algom Exploration, Teck Corporation, Canada Nickel Corporation and Placer Dome Canada Limited. Mr. Troup spends about 5% to 10% of his time on the affairs of the Company.

Robin Merrifield, Director since 2004, was a business consultant from 2001 to 2006. Since July 2006 he has been the Senior Vice President and Chief Financial Officer of Uranium One Inc. From 1997 to 2001, he was Vice-President, Finance of Kumtor Operating Company, operators of the Kumtor gold project, a subsidiary of Cameco Corporation.

C. Douglas Lang is a Certified General Accountant who obtained his professional designation while employed with the City of Campbell River. His position with the City was that of Chief Financial Officer (1991 to 2005) and he regularly managed complex annual budgets in excess of \$60 million. Under Mr. Lang's stewardship the City twice received the Canadian Award for Financial Reporting. He presently serves as a director and held the position as board chair (2005/06) of Coastal Community Credit Union. The Credit Union has assets of \$1.5 billion dollars and employs over 500 people. He has also been a member of their Audit and Finance Committee, and is currently a director on the board of Stabilization Central Credit Union of British Columbia. He is currently working as an independent consultant for local governments in British Columbia and has done consulting work for the junior mining industry.

Shannon M. Ross, CA, has been the Chief Financial Officer and Corporate Secretary of the Company since 2000, and is also the Chief Financial Officer and Corporate Secretary for Sultan Minerals Inc., ValGold Resources Ltd., Engold Mining Corporation (to March 31, 2008), publicly-traded companies sharing office premises. From June 2001 to March 2004 she was the Chief Financial Officer for Northern Orion Resources Inc. From 1991 to 1999, Ms Ross was with the Hunter Dickinson Group of companies, and held the position of Controller and other positions during that period. She was Controller of Dia Met Minerals Ltd. for a period in 1999. Shannon holds a Bachelor of Commerce degree from the University of Alberta, and is a registered Chartered Accountant (CA) in British Columbia. Ms Ross spends approximately 20% to 35% of her time on the affairs of the Company.

Executive officers are appointed by the Board of Directors to serve until terminated by the Board of Directors or until their successors are appointed. Certain of the directors serve as directors of other reporting companies and if a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will declare his interest and abstain from voting on such matter. All directors have a term of office expiring at the next annual general meeting of Cream which is to be held on September 19, 2008.

## **B. Compensation**

### Stock option plan

Cream has no arrangements, standard or otherwise, pursuant to which directors are compensated by Cream or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year, except for amounts paid from time to time to LMC in reimbursement for consulting services provided by Sargent Berner. Stock options are a significant component of the compensation received by the directors and serve to provide incentive to such individuals to act in the best interests of Cream and its shareholders. Cream has a formalized stock

option plan for the granting of incentive stock options to the officers, employees and directors. Cream granted stock options to its directors, officers and employees during the most recently completed financial year. The purpose of granting such options is to assist Cream in compensating, attracting, retaining and motivating the Directors of Cream to closely align the personal interests of such persons to that of the shareholders.

The purpose of the Plan is to allow Cream to grant options to directors, officers, employees and service providers, as an incentive to continue to serve, and as an opportunity to participate in the profitability of Cream. The granting of such options is intended to align the interests of such persons with that of Cream. Options are exercisable over periods of up to five years as determined by the board of directors of Cream and are required to have an exercise price no less than the Market Price as defined in the Plan prevailing on the day that the option is granted. Pursuant to the Plan, the board of directors may from time to time authorize the issue of options to directors, officers and employees of and consultants to Cream and its subsidiaries or employees of companies providing management services to the Cream or its subsidiaries. At March 31, 2008, and at August 31, 2008, the maximum number of Common Shares which may be issued pursuant to options previously granted and granted under the Plan is 8,941,761, or such additional amounts as may be approved from time to time by shareholders of Cream. A total of 4,194,900 stock options are outstanding as of August 31, 2008, and 5,349,900 were outstanding at March 31, 2008.

At the Company's Annual General Meeting held on September 19, 2008, the Company entered into a rolling stock option plan, which allows for up to 10% of the Company's issued share capital be granted as stock options. Under a 10% rolling plan, the maximum allowable under the plan at August 31, 2008, would be 5,081,259, or 10% of the issued and outstanding common shares of 50,812,588 at August 31, 2008.

The stock option plan is intended to allow the Company to grant additional options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to 10 years as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the TSX Venture Exchange. Pursuant to the plan, the Board of Directors may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The maximum number of common shares which may be issued pursuant to options previously granted and outstanding and those granted under the plan will be a maximum of 10% of the issued and outstanding common shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. The plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule at its discretion.

The plan provides that if a change of control, as defined therein, occurs, all shares subject to option shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.

For the purposes hereof, an "insider" is a director or senior officer of Cream, a director or senior officer of a company that is itself an insider or subsidiary of Cream, or a person whose control, or direct or indirect beneficial ownership, or a combination thereof, over securities of Cream extends to securities carrying more than 10% of the voting rights attached to all Cream's outstanding voting securities.

The number of shares under option from time to time and the exercise prices of such options, and any amendments thereto, will be and have been determined by the Directors in accordance with the policies of the TSX Venture Exchange.

#### Option Grants During the Most Recently Completed Financial Year

At August 31, 2008, prior to the adoption of the 10% rolling plan on September 19, 2008, the Company's option plan allowed for the issuance of 8,941,761 stock options. There were 3,010,000 options granted during the year ended March 31, 2008.

For the purposes hereof, an "insider" is a director or senior officer of Cream, a director or senior officer of a company that is itself an insider or subsidiary of Cream, or a person whose control, or direct or indirect beneficial

ownership, or a combination thereof, over securities of Cream extends to securities carrying more than 10% of the voting rights attached to all Cream's outstanding voting securities.

The number of shares under option from time to time and the exercise prices of such options, and any amendments thereto, will be and have been determined by the Directors in accordance with the policies of the TSX Venture Exchange.

Stock Options Outstanding  
(at August 29, 2008)

Optionholder Status	Number of Shares	Exercise Price (Cdn\$)	Date of Grant	Expiry Date
Directors and Officers of Cream and Subsidiaries				
Frank A. Lang Chairman, President and Chief Executive Officer and Director	100,000	0.54	December 18, 2003	December 18, 2008
	270,000	0.50	April 16, 2007	April 16, 2012
	370,000			
Arthur G. Troup Vice President Exploration and Director	100,000	0.54	December 18, 2003	December 18, 2008
	100,000	0.30	October 6, 2004	October 6, 2009
	120,000	0.165	August 3, 2005	August 3, 2010
	150,000	0.50	April 16, 2007	April 16, 2012
	470,000			
Shannon M. Ross Chief Financial Officer and Corporate Secretary	100,000	0.54	December 18, 2003	December 18, 2008
	120,000	0.165	August 3, 2005	August 3, 2010
	180,000	0.50	April 16, 2007	April 16, 2012
	400,000			
Sargent H. Berner Director	100,000	0.54	December 18, 2003	December 18, 2008
	125,000	0.165	August 3, 2005	August 3, 2010
	160,000	0.50	April 16, 2007	April 16, 2012
	385,000			
Ferdinand Holcapek Director and Sole Administrator, Cream Minerals de Mexico, S.A. de C.V.	100,000	0.54	December 18, 2003	December 18, 2008
	116,100	0.30	October 6, 2004	October 6, 2009
	30,000	0.165	August 3, 2005	August 3, 2010
	100,000	0.53	January 29, 2007	January 29, 2012
	175,000	0.50	April 16, 2007	April 16, 2012
	521,100			
Robin Merrifield Director	150,000	0.30	October 6, 2004	October 6, 2009
	120,000	0.165	August 3, 2005	August 3, 2010
	75,000	0.50	April 16, 2007	April 16, 2012
	345,000			
C. Douglas. Lang Director	100,000	0.50	June 12, 2006	June 12, 2011
	75,000	0.50	April 16, 2007	April 16, 2012
	175,000			
Total Directors/Officers (7 persons)	2,666,100			
Total Employees/Consultants (18 persons)	1,528,800	\$0.165 to \$0.54	December 18, 2003 to December 4, 2007	December 18, 2008 to December 4, 2012
<b>Total Directors/Officers/ Employees/ Consultants (25 persons)</b>	3,835,400			

There were 1,145,500 stock options exercised in fiscal 2008. In the year ended March 31, 2008, 3,010,000 stock options were granted at prices ranging from \$0.50 to \$0.95 to consultants and directors. Subsequent to March 31, 2008, and up to August 31, 2008, 1,155,000 stock options granted to employees and consultants at exercise prices ranging from \$0.50 to \$0.95, were cancelled.

During Cream's financial year ended March 31, 2008, the aggregate direct remuneration paid or payable to Cream's directors and senior officers by Cream and its subsidiaries, all of whose financial statements are consolidated with those of Cream, was \$155,910 and US\$102,000. This figure includes \$120,000 paid to Lang Mining, US\$102,000 paid to the director and sole administrator of Cream Minerals de Mexico, S.A. de C.V. and \$35,910 paid to the officers of Cream, other than the fees paid to the President and Chief Executive Officer and the sole administrator of



the Company. The portion of remuneration received through LMC, which is attributable to directors and officers for Cream's affairs totalled \$35,910 for the year ended March 31, 2008.

Frank A. Lang, President and Chairman of the Board of Directors and a director of Cream, Ferdinand Holcapek, Sole Administrator, Cream Minerals de Mexico, S.A. de C.V., Arthur G. Troup, Vice President Exploration and a director of Cream and Shannon Ross, Cream's Secretary and Chief Financial Officer, are each a "Named Executive Officer" of Cream for the purposes of the following disclosure.

The compensation paid to each of the Named Executive Officers during Cream's three most recently completed financial years ended March 31, is as set out below:

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	All other Compensation (\$)
					Securities Under Option/SAR's granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	
Frank A. Lang, President and Director	2008	Nil	Nil	120,000	270,000	Nil	Nil	Nil
	2007	Nil	Nil	85,000	Nil	Nil	Nil	Nil
	2006	Nil	Nil	30,000	750,000	Nil	Nil	Nil
Arthur G. Troup Vice President Exploration and Director	2008	Nil	Nil	Nil	150,000	Nil	Nil	Nil
	2007	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2006	9,493	Nil	Nil	120,000	Nil	Nil	Nil
Ferdinand Holcapek Sole Administrator, Cream Minerals de Mexico, S.A. de C.V. and Director	2008	US102,000	Nil	Nil	175,000	Nil	Nil	Nil
	2007	US102,000	Nil	Nil	100,000	Nil	Nil	Nil
	2006	59,138	Nil	Nil	120,000	Nil	Nil	Nil
Shannon M. Ross Chief Financial Officer and Corporate Secretary	2008	35,910	Nil	Nil	180,000	Nil	Nil	Nil
	2007	17,042	Nil	Nil	Nil	Nil	Nil	Nil
	2006	22,556	Nil	Nil	120,000	Nil	Nil	Nil

Aggregated Options/SAR Exercises in Last Financial Year and Financial Year-End Option/SAR Values

The Named Executive Officers and directors exercised the following stock options in respect of Cream's shares during the most recently completed financial year.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SAR's at Fiscal Year-End (#) Exercisable/ Unexercisable*	Value of Unexercised In-the-Money Options/SAR's at Fiscal Year-End (\$) Exercisable/ Unexercisable
Frank A. Lang	500,000	115,000	235,000/135,000	0/0
Ferdinand Holcapek	Nil	Nil	433,600/87,500	11,355/0
Sargent H. Berner	85,000	34,000	305,000/80,000	23,125/0
Arthur G. Troup	75,000	27,750	395,000/75,000	27,200/0
C. Douglas Lang	Nil	Nil	137,500/37,500	0/0
Robin Merrifield	Nil	Nil	307,500/37,500	29,700/0
Shannon M. Ross	50,000	18,500	310,000/90,000	22,200/0

Termination of Employment, Changes in Responsibility and Employment Contracts:

Cream and its subsidiaries have no employment contracts with any Named Executive Officer.

Cream and its subsidiaries have no compensatory plan or arrangement in respect of compensation received or that may be received by the Named Executive Officers in Cream's most recently completed or current financial year to compensate such executive officers in the event of the termination of employment (resignation, retirement, change of control) or in the event of a change in responsibilities following a change in control.

#### Securities Held by Insiders

As at August 31, 2008, the directors and officers of Cream held as a group, directly and indirectly, ownership or control of 19,856,178 fully diluted common shares, inclusive of vested stock options and warrants (32.97%). To the knowledge of the directors and officers of Cream, as at such date, there were no persons exclusive of Frank A. Lang holding more than 10% of the issued common shares.

### **C. BOARD PRACTICES**

All directors were re-elected at the September 19, 2008, annual general meeting and had a term of office expiring at the next annual general meeting of Cream held in September 2009. All officers have a term of office lasting until their removal or replacement by the Board of Directors.

An "unrelated" director under the TSX governance guidelines is a director who is independent from management and is free from any interest and any business or other relationship which could materially interfere with his or her ability to act in the best interest to the Company other than interests arising from shareholding. Where a company has a significant shareholder, in addition to a majority of "unrelated" directors, the Board should include a number of directors who do not have interest or relationships with either the Company or the significant shareholder. Mr. Robin Merrifield was appointed to the Board as an independent director. There are six directors. Frank Lang, Arthur Troup and Fred Holcapek are related due to holding an executive position with the Company, or a subsidiary. Mr. Holcapek also receives consulting fees. Sargent Berner was formerly an associate counsel at DuMoulin Black, the Company's legal counsel, and was related until April 1, 2006. He currently receives consulting fees for services through a private company, Kent Avenue Consulting Ltd. C. Douglas Lang is an unrelated director.

No director and/or executive officer has been the subject of any order, judgment, or decree of any governmental agency or administrator or of any court or competent jurisdiction, revoking or suspending for cause any license, permit or other authority of such person or of any corporation of which he is a director and/or executive officer, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice or employment in connection with the purchase or sale of securities, or convicting such person of any felony, or misdemeanor involving a security or in any aspect of the securities business of theft or of any felony. Belmoral Mines Limited, of which Frank a. Lang was a director, was subject to a cease-trade order as of September 17, 1980, subject to the submission of overdue documentation, which was revoked on October 6, 1980.

There are no director's services contracts with the Company providing for benefits upon termination of employment. Emgold and its subsidiaries have no compensatory plan or arrangement in respect of compensation received or that may be received by the directors of the Company in its most recently completed or current financial year to compensate such directors in the event of termination as director (resignation, retirement, change of control) or in the event of a change in control. There are no arrangements or understandings with any two or more directors or executive officers pursuant to which he was selected as a director or executive officer. Other than as disclosed in related party transactions, and salaries for executive officers, there is no compensation paid to outside directors other than stock-based compensation.

The following information is provided with respect to the Company's directors, and members of its administrative, supervisory or management body and includes the date of expiration of the current term of office and the period during which the person has served in that office.

Name	Position(s) with Company	Term of Office/Period of Service
Frank A. Lang	President	October 12, 1966
	Chief Executive Officer	September 25, 2002
	Director	October 12, 1966
Ferdinand Holcapek	Director	October 10, 2001
	Sole Administrator, Cream Minerals de Mexico, S.A. de C.V.	December 1999
Arthur G. Troup	Vice President, Exploration	September 24, 1987
	Director	September 25, 1997
C. Douglas Lang	Director	May 30, 2006
Robin Merrifield	Director	September 21, 2004
Sargent H. Berner	Director	January 23, 1996
Shannon M. Ross	Chief Financial Officer and Corporate Secretary	January 31, 2000

#### Audit Committee

Robin Merrifield, C. Douglas Lang, and Sargent H. Berner are the current members of Cream's audit committee. The audit committee is elected annually by the directors of Cream at the first meeting of the board held after Cream's annual general meeting. Its primary function is to review the financial statements of Cream before they are submitted to the board for approval. The audit committee is also available to assist the board if required with matters relating to the appointment of Cream's auditor and the overall scope and results of the audit, internal financial controls, and financial information for publication for various purposes.

#### Corporate Governance and Executive Compensation Committee

Members of the Corporate Governance and Executive Compensation Committee are Messrs. Troup, Berner, Lang and Merrifield. The committee was formed for making recommendations to the board with respect to developments in the area of corporate governance, the practices of the board, and appropriate candidates for nomination to the board and for evaluating the performance of the board.

#### **D. EMPLOYEES**

At March 31, 2008, Cream had no employees in its head office and contracts staff on an as needed basis. Cream's functions are primarily administered through LMC (see Item 7). Cream Minerals de Mexico, S.A. de C.V., Cream's subsidiary in Mexico has less than five employees.

#### **E. SHARE OWNERSHIP**

##### **Common Shares (fully diluted) at August 29, 2008**

Name of Beneficial Owner	Amounts and Nature of Beneficial Ownership <sup>(1)</sup>	Percent of Class*
Frank A. Lang	9,763,844/4,754,607 (1)	24.10%
Ferdinand Holcapek	2,828,287/0(2)	4.70%
Arthur G. Troup	699,900/121,000(3)	1.36%
C. Douglas Lang	208,790/0(4)	0.35%
Robin Merrifield	326,250/0(5)	0.54%
Sargent H. Berner	643,500/0(6)	1.07%
Shannon M. Ross	510,000/0(7)	0.85%
	14,557,057/4,875,607	32.97%

\*Based on 60,231,268 shares outstanding as of August 29, 2008, including vested stock options and warrants that were exercisable on that date.

- (1) Of these shares, 302,500 represent vested stock options in the name of Frank A. Lang, and 1,735,000 warrants in the name of Frank Lang. Of the indirect ownership, 4,950 are in the name of Mark Management Ltd., 1,366,254 are held in the name of Dauntless Developments Ltd., and 3,383,403 are held in the name of Lang Mining Corporation, all private companies controlled by Frank A. Lang.
- (2) Of these shares, 477,350 represent vested stock options.
- (3) Of these shares, 432,500 represent vested stock options. The common shares held indirectly are in the name of Istana Investments Ltd., a private company controlled by Arthur G. Troup.
- (4) Of these shares, 156,250 represent vested stock options.
- (5) Of these shares, 326,250 represent vested stock options.
- (6) Of these shares, 345,000 represent vested stock options.
- (7) Of these shares, 355,000 represent vested stock options.

## **ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**

### **A. Major Shareholders**

Cream's securities are recorded on the books of its transfer agent in registered form, however the majority of such shares are registered in the name of intermediaries such as brokerage houses and clearing houses on behalf of their respective brokerage clients, and Cream does not have knowledge of or access to information about the beneficial owners thereof. To the best of its knowledge, Cream is not directly or indirectly owned or controlled by a corporation or foreign government. As of August 31, 2008, Cream had authorized an unlimited number of common shares without par value of which 50,812,588 were issued and outstanding.

As of August 31, 2008, the only registered holder of 5% or more of the common shares of Cream was Frank Lang with 7,726,344 common shares held directly and 4,754,607 common shares held indirectly. All other known shareholders with greater than 5% are brokerage clearing houses.

As of August 31, 2008, directors and officers of Cream as a group (seven persons) owned or controlled an aggregate of 15,726,328 common shares (30.95%) of Cream, or 19,856,178 common shares (32.97%) on a fully diluted basis.

Under the British Columbia *Securities Act* insiders (generally officers, directors, holders of 10% or more of Cream's shares) are required to file insider reports of changes in their ownership 10 days following a trade in Cream's securities. Copies of such reports are available for public inspection at the offices of the British Columbia Securities Commission, P.O. Box 10142 Pacific Centre, 701 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1L2 (phone (604) 899-6500) or at the British Columbia Securities Commission web site ([www.bsc.bc.ca](http://www.bsc.bc.ca)).

As of August 31, 2008, there were 277 registered shareholders of record holding a total of 50,812,588 common shares of Cream. To the best of Cream's knowledge there were 88 registered shareholders of record with registered addresses in Canada, 183 shareholders of record with registered addresses in the United States and 6 shareholders of record with registered addresses in other countries holding approximately 49,107,429 (96.64%), 1,602,673 (3.15%) and 102,486 (0.21%) of the outstanding common shares, respectively. Shares registered in intermediaries are assumed to be held by residents of the same country in which the clearing-house is located.

### **B. Related Party Transactions**

No director or senior officer, and no associate or affiliate of the foregoing persons, and no insider has or has had any material interest, direct or indirect, in any transactions, or in any other proposed transaction, during the year ended March 31, 2008, except as noted below.

#### Casierra Acquisition

In fiscal 2005, the Company entered into an agreement with Casierra Diamond Corporation ("CDC") and its wholly-owned subsidiary, Casierra Development Fund Inc. ("CDF") (collectively, Casierra") to earn an interest in production from two exclusive prospecting licence areas for diamonds and other minerals and metals in Sierra Leone, West Africa. Under the terms of the agreement, Cream earned up to a 70% interest in the properties by issuing a total of 500,000 common shares and incurring exploration costs of not less than US\$800,000 by March 16, 2007. A joint venture is to be formed between the parties and each party will contribute to further expenditures on the property in accordance with its interest.

The president of the Company holds approximately 33% of the issued and outstanding shares of CDC, incorporated in British Columbia

## **Management Agreements**

### **Frank A. Lang and Lang Mining Corporation**

On January 1, 2003, the Company commenced paying a management fee of \$2,500 per month to Lang Mining for the services of Frank A. Lang. Lang Mining is a private company of which Frank A. Lang is the President, a Director and a major shareholder. These services are not provided by LMC. The fee paid to Lang Mining was increased to \$5,000 per month from April 1, 2006, to October 31, 2006, and \$10,000 per month since November 1, 2006.

### **LMC Management Services Ltd., Administration and Services Agreement**

Commencing August 1, 2001, management, administrative, geological and other services have been provided by LMC, a private company held jointly by the Company and other public companies, to provide services on a full cost recovery basis to the various public entities currently sharing office space with the Company. Currently the Company has a 25% interest in LMC. Three months of working capital is required to be on deposit with LMC under the terms of the services agreement. LMC does not retain any profits in connection with the services provided by it. All transactions are conducted in an arms-length manner.

During the years ended March 31, 2008, 2007 and 2006, \$317,888, \$232,638 and \$244,149 were paid to LMC, respectively. These totals include salaries and benefits and full cost recoveries for rent and other administrative costs.

### **Other Related Party Transactions in the Three Years Ended March 31, 2008**

Consulting fees of \$16,500 (2007 - \$17,500; 2006 - \$7,500) were paid to Kent Avenue Consulting Ltd., a private company controlled by Sargent H. Berner, for consulting services during the year.

Fees were paid to Fred Holcapek, a director of the Company and an officer of the subsidiary in Mexico, at a rate of US\$8,500 per month for administrative services and geological services, for a total of US\$102,000 (2007 - US\$102,000; 2006 - \$59,138).

Legal fees of \$13,895 were paid to DuMoulin Black, Barristers and Solicitors during the year ended March 31, 2006. A director of the Company was an associate counsel of the law firm to April 1, 2006.

The Company's investments in public companies include shares of Emgold Mining Corporation, Sultan and ValGold, companies with directors and management in common with the Company. The Company also holds interests in the Stephens Lake Property (Trout Lake Claims) jointly with Sultan and ValGold.

Balances payable to related parties, and balances receivable from related parties are non-interest bearing and due on demand.

## **C. Interests of Experts and Counsel**

Not applicable.

## **ITEM 8. FINANCIAL INFORMATION**

### **A. Consolidated Statements and Other Financial Information**

See "Item 17 Financial Statements". The consolidated financial statements as required are attached hereto and found immediately following the text of this Annual Report. The audit report of Morgan and Company, independent Chartered Accountants, is included immediately preceding the consolidated financial statements.

## Legal Proceedings

Cream is not involved in any litigation or legal proceedings and to Cream's knowledge no material legal proceedings involving Cream or its subsidiary are to be initiated against Cream.

## Dividend Policy

Cream has not paid any dividends on its outstanding common shares since its incorporation and does not anticipate that it will do so in the foreseeable future. All funds of Cream are being retained for working capital and exploration of its Projects.

### **B. Significant Changes**

There are no significant changes of financial condition since the most recent audited financial statements included within this Annual Report. Interim financial statements are incorporated into the financial statements included herein.

## **ITEM 9. THE OFFER AND LISTING**

### **A. Offer and Listing Details**

#### **1. Trading Markets**

The tables below list the high and low prices for common shares of the Company for the past three years and for the current fiscal year to August 31, 2008:

#### **TSX Venture: CMA – Trading in Canadian Dollars**

	High (\$)	Low (\$)	Monthly Volume
<b>Month ended</b>			
August 31, 2008	0.21	0.16	295,500
July 31, 2008	0.25	0.15	602,400
June 30, 2008	0.30	0.20	1,675,400
May 31, 2008	0.30	0.25	1,016,600
April 30, 2008	0.38	0.29	480,600
March 31, 2008	0.47	0.35	793,900
February 28, 2008	0.41	0.32	660,400
January 31, 2008	0.46	0.31	952,700
December 31, 2007	0.48	0.36	499,000
November 30, 2007	0.54	0.41	574,500
October 31, 2007	0.55	0.39	1,190,300
September 30, 2007	0.50	0.43	802,600
August 31, 2007	0.67	0.40	2,222,100
July 31, 2007	1.38	0.34	9,513,000
June 30, 20067	0.61	0.44	882,000
May 31, 2007	0.59	0.47	617,000
April 30, 20067	0.59	0.50	831,000
March 31, 2007	0.52	0.44	1,456,000
February 28, 2007	0.55	0.44	2,641,000
January 31, 2007	0.54	0.40	3,299,000
<b>By Quarter Calendar 2007</b>			
First Quarter	0.55	0.40	7,396,000
Second Quarter	0.61	0.44	2,330,000
Third Quarter	1.38	0.34	12,537,700
Fourth Quarter	0.55	0.36	2,263,800

<b>TSX Venture: CMA –</b> Trading in Canadian Dollars	High	Low	Monthly
	(\$)	(\$)	Volume
Third Quarter	0.58	0.45	1,328,000
Fourth Quarter	0.66	0.40	1,844,000
<b>Annual 2007</b>	1.38	0.34	24,527,500
<b>Annual 2006</b>	0.80	0.25	20,498,000
<b>Annual 2005</b>	0.40	0.16	4,290,400
<b>Annual 2004</b>	0.90	0.26	7,300,300
<b>Annual 2003</b>	0.69	0.10	5,060,600

<b>OTCBB: CRMXF –</b> Trading in U.S. Dollars	High	Low	Volume
	(\$)	(\$)	
<b>Month ended</b>			
August 31, 2008	0.20	0.13	154,200
July 31, 2008	0.25	0.15	219,700
June 30, 2008	0.28	0.20	212,700
May 31, 2008	0.32	0.25	165,400
April 30, 2008	0.35	0.30	81,100
March 31, 2008	0.51	0.38	223,200
February 28, 2008	0.41	0.32	238,600
January 31, 2008	0.46	0.30	149,200
December 31, 2007	0.43	0.37	76,200
November 30, 2007	0.59	0.40	195,200
October 31, 2007	0.56	0.39	138,700
September 30, 2007	0.48	0.40	30,000
August 31, 2007	0.65	0.35	342,700
July 31, 2007	1.38	0.30	260,000
June 30, 2007	0.57	0.40	51,000
May 31, 2007	0.61	0.42	79,000
April 30, 2007	0.51	0.40	80,000
March 31, 2007	0.48	0.37	113,000
February 28, 2007	0.45	0.36	164,000
January 31, 2007	0.44	0.36	163,000
<b>By Quarter</b>			
<b>Calendar 2008</b>			
First Quarter	0.51	0.30	611,000
Second Quarter	0.35	0.20	459,200
<b>Calendar 2007</b>			
First Quarter	0.48	0.36	440,000
Second Quarter	0.61	0.40	210,000
Third Quarter	1.38	0.30	363,900
Fourth Quarter	0.59	0.37	410,100
<b>Calendar 2006</b>			
First Quarter	0.45	0.21	901,400
Second Quarter	1.01	0.30	1,343,100
Third Quarter	0.56	0.33	259,000
Fourth Quarter	0.59	0.35	285,000
<b>Calendar 2005</b>			
First Quarter	0.31	0.21	562,300

OTCBB: CRMXF – Trading in U.S. Dollars	High	Low	Volume
	(\$)	(\$)	
Second Quarter	0.29	0.15	208,300
Third Quarter	0.22	0.12	464,600
Fourth Quarter	0.23	0.12	430,100
<b>Annual 2007</b>	1.38	0.30	1,692,800
<b>Annual 2006</b>	1.01	0.21	2,788,500
<b>Annual 2005</b>	0.31	0.12	1,665,300
<b>Annual 2004</b>	0.67	0.20	3,158,100
<b>Annual 2003</b>	0.48	0.05	386,700

**B. Plan of Distribution**

Not applicable.

**C. Markets**

The shares of Cream have traded in Canada on the TSX Venture Exchange (formerly the Canadian Venture Exchange and successor to the Vancouver Stock Exchange) since June 3, 1970, (symbol-CMA). Since October 5, 1999, Cream’s shares have traded on the over-the-counter market (“OTC-BB”) in the United States (symbol-CRMXF.OB). They also trade on the Frankfurt Exchange under the symbol “DFL”.

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

**ITEM 10. ADDITIONAL INFORMATION**

**A. Share Capital**

Cream’s share capital consists of one class of shares, namely common shares without par value, of which there are an unlimited number of shares authorized and 50,812,588 common shares without par value issued and outstanding as of August 29, 2008. Note 8 of the accompanying audited consolidated financial statements provide details of all share issuances effected by Cream and the issue price per share for the three previous fiscal years. There are no shares of Cream that are held by or on behalf of Cream. There have been no changes in the classification of common shares (reclassifications, consolidations, reverse splits or the like) within the previous five years. All common shares of Cream rank pari passu for the payment of any dividends and distributions in the event of a windup. A summary of Cream’s dilutive securities (convertible or exercisable into common shares) is as follows:

**B. Memorandum and Articles of Association**

Cream’s corporate constituting documents comprising Articles of Association and Memorandum are registered with the British Columbia Registrar of Companies under Corporation No. 71412. A copy of the Articles of Association and Memorandum were filed as an exhibit with Cream’s initial registration statement on Form 20-F and amended articles have been filed as exhibits subsequent to the initial registration statement.



## Objects and Purposes

Cream's Articles of Incorporation do not specify objects or purposes. Under British Columbia law, a British Columbia corporation has all the legal powers of a natural person. British Columbia corporations may not undertake certain limited business activities such as operating as a trust company or railroad without alterations to its form of articles and specific government consent.

## Directors – Powers and Limitations

Cream's articles do not specify a maximum number of directors (the minimum under British Columbia law for a public company is three). Shareholders at the annual shareholders meeting determine the number of directors annually and all directors are elected at that time. There are no staggered directorships. Under the British Columbia Business Corporations Act ("BCA") directors are obligated to abstain from voting on matters in which they may be financially interested after fully disclosing such interest. Directors' compensation is not a matter on which they must abstain. Directors must be of the age of majority (18), and meet eligibility criteria including not being mentally infirm, an undischarged bankrupt, no fraud related convictions in the previous five years and a majority of directors must be ordinarily resident in Canada. There is no mandatory retirement age either under Cream's Articles or under the BCA.

Directors' borrowing powers are not generally restricted where the borrowing is in Cream's best interests, but the directors may not authorize Cream to provide financial assistance for any reason where Cream is insolvent or the providing of the guarantee would render it insolvent. Directors need not own any shares of Cream in order to qualify as directors.

The Articles specify the number of directors shall be the number of directors fixed by shareholders annually, or the number that are actually elected at a general shareholders meeting. Shareholders at the annual shareholders' meeting determine the number of directors annually and all directors are elected at that time. Under the Articles the directors are entitled between successive annual general meetings to appoint one or more additional directors but not more than one-third of the number of directors fixed at a shareholders meeting or actually elected at the preceding annual shareholders' meeting. Directors automatically retire at the commencement of each annual meeting but may be re-elected thereat.

Under the Articles, a director who is in any way directly or indirectly interested in a proposed contract or transaction with Cream, or who holds any office or possesses any property whereby directly or indirectly a duty might be created which would conflict with his duty or interest as a directors, shall declare the nature and extent of such interest in such contract or transaction. A director shall not vote in respect of any such contract or transaction and if he should vote, his vote shall not be counted, but he may be counted in the quorum present at the meeting. Similarly, under the BCA directors are obligated to abstain from voting on matters in which they may be financially interested after fully disclosing such interest.

## Descriptions of rights, preferences and restriction attaching to each class of shares

### Common Shares

Cream has only one class of shares, common shares without par value of which an unlimited number are authorized and 50,812,588 are outstanding as of August 31, 2008. All common shares rank pari passu for the payment of dividends and distributions in the event of wind-up.

Some of the significant provisions under British Columbia law and Cream's Articles relating to the common shares may be summarized as follows:

### Capital increases and Other Changes

Authorized capital increases as well as other changes to the constituting documents require the approval of 75% of votes of shareholders at a duly convened meeting.

Certain changes such as amalgamations, re-domiciling, and creation of new classes of shares may also give rise to dissent rights (the right to be paid the "fair value" for their shares in cash if the matter is proceeded with).

### Shares Fully Paid

All Cream shares must, by applicable law, be issued as fully paid for cash, property or services. They are, therefore, non-assessable and not subject to further calls for payment.

### Redemption

Cream has no redeemable securities authorized or issued.

### Pre-emptive Rights

There are no pre-emptive rights applicable to Cream which provide a right to any person to participate in offerings of Cream's securities

### Liquidation

All common shares of Cream participate rateably in any available assets in the event of a winding up or other liquidation.

### No Limitation on Foreign Ownership

There are no limitations under Cream's Articles or in the BCA on the right of persons who are not citizens of Canada to hold or vote common shares. (See also "Exchange Controls")

### Dividends

Dividends may be declared by the Board out of available assets and are paid rateably to holders of common shares. No dividend may be paid if Cream is, or would thereby become, insolvent.

### Voting Rights

Each Cream share is entitled to one vote on matters to which common shares ordinarily vote including the election of directors, appointment of auditors and approval of corporate changes. There are no cumulative voting rights applicable to Cream.

### Shareholder Meetings

Shareholders' meetings are governed by the Articles of Cream but many important shareholder protections are also contained in the Securities Act (British Columbia) and the BCA. The Articles provide that Cream will hold an annual shareholders' meeting, will provide at least 21 days' notice and will provide for certain procedural matters and rules of order with respect to the conduct of the meeting. The Securities Act (British Columbia) and the BCA superimpose requirements that generally provide that shareholder' meetings require not less than a 60 day notice period from initial public notice and that Cream makes a thorough advanced search of intermediary and brokerage registered shareholdings to facilitate communication with beneficial shareholders so that meeting proxy and information materials can be sent via the brokerages to unregistered but beneficial shareholders. The form and content of information circulars and proxies and like matters are governed by the Securities Act (British Columbia) and the BCA. This legislation specifies the disclosure requirements for the proxy materials and various corporate actions, background information on the nominees for election for director, executive compensation paid in the previous year and full details of any unusual matters or related party transactions. Cream must hold an annual shareholders meeting open to all shareholders for personal attendance or by proxy at each shareholder's determination. The meeting must be held within 13 months of the previous annual shareholders' meeting and must present audited statements, which are no more than 180 days old at such meeting.

### Change in Control

Cream has not implemented any shareholders' rights or other "poison pill" protection against possible take-overs. Cream does not have any agreements which are triggered by a take-over or other change of control, except that a takeover or change of control may result in the vesting of stock options previously granted. There are no provisions in its articles triggered by or affected by a change in outstanding shares which gives rise to a change in control. There are no provisions in Cream's material agreements giving special rights to any person on a change of control.

### Insider Share Ownership Reporting

The articles of Cream do not require disclosure of share ownership. Share ownership of director nominees must be reported annually in proxy materials sent to Cream's shareholders. There are no requirements under British Columbia corporate law to report ownership of shares of Cream but the Securities Act (British Columbia) requires disclosure of trading by insiders (generally officers, directors and holders of 10% of voting shares) within 10 days of the trade. Controlling shareholders (generally those in excess of 20% of outstanding shares) must provide seven days advance notice of share sales.

### Securities Act (British Columbia)

This statute applies to Cream and governs matters typically pertaining to public securities such as continuous quarterly financial reporting, immediate disclosure of material changes, insider trade reporting, take-over protections to ensure fair and equal treatment of all shareholders, exemption and resale rules pertaining to non-prospectus securities issuances as well as civil liability for certain misrepresentations, disciplinary, appeal and discretionary ruling matters. All Cream shareholders regardless of residence have equal rights under this legislation.

### Future capital Calls

The directors of the Company do not have any liability for future capital calls.

#### **C. Material Contracts**

Cream is not party to any material contracts other than those entered into in the ordinary course of business for the two years preceding the date of this document.

#### **D. Exchange Controls**

Cream is incorporated pursuant to the laws of the Province of British Columbia, Canada. The Company is not aware of any Canadian federal or provincial laws, decrees or regulations that restrict the export or import of capital, including foreign exchange controls, or that affect the remittance of dividends, interest or other payments to a non-resident holder of Common Shares, other than withholding tax requirements. Any such remittance to United States residents are generally subject to withholding tax, however no such remittances are likely in the foreseeable future. See "Taxation" below.

There is no limitation imposed by the laws of Canada or by the charter or other constituent documents of Cream on the right of a non-resident to hold or vote the Common Shares, other than as provided in the Investment Canada Act (the "Investment Act"). The following discussion summarizes the material features of the Investment Act for a non-resident who proposes to acquire the Common Shares. It is general only, it is not a substitute for independent advice from an investor's own advisor, and it does not anticipate statutory or regulatory amendments. Cream does not believe the Investment Act will have any effect on it or on its non-Canadian shareholders due to a number of factors including the nature of its operations and Cream's relatively small capitalization. Except as provided in the Investment Canada Act (the "Investment Act"), there are no limitations under the laws of Canada, the province of British Columbia or in the charter or any other constituent documents of the Company on the right of foreigners to hold or vote the Company's common shares.

The Investment Act generally prohibits implementation of a "reviewable" investment by an individual, government or agency thereof, corporation, partnership, trust or joint venture (each an "entity") that is not a "Canadian" as defined in the Investment Act (a "non-Canadian"), unless after review the Director of Investments appointed by the minister responsible for the Investment Act is satisfied that the investment is likely to be of net benefit to Canada.

The size and nature of a proposed transaction may give rise to an obligation to notify the Director to seek an advance ruling. An investment in Cream's Common Shares by a non-Canadian other than a "WTO Investor" (as that term is defined in the Investment Act and which term includes entities which are nationals of or are controlled by nationals of member states of the World Trade Organization) when Cream was not controlled by a WTO Investor, would be reviewable under the Investment Act if it was an investment to acquire control of Cream and the value of the assets of Cream, as determined in accordance with the regulations promulgated under the Investment Act, was over a certain figure, or if an order for review was made by the federal cabinet on the grounds that the investment related to Canada's cultural heritage or national identity, regardless of the value of the assets of Cream. An investment in the Common Shares by a WTO Investor, or by a non-Canadian when Cream was controlled by a WTO Investor, would be reviewable under the Investment Act if it was an investment to acquire control of Cream and the value of the assets of Cream, as determined in accordance with the regulations promulgated under the Investment Act, was not less than a specified amount, which for 2005 exceeds Cdn\$250 million. A non-Canadian would acquire control of Cream for the purposes of the Investment Act if the non-Canadian acquired a majority of the Common Shares. The acquisition of less than a majority but one-third or more of the Common Shares would be presumed to be an acquisition of control of Cream unless it could be established that, on the acquisition, Cream was not controlled in fact by the acquiror through the ownership of the Common Shares.

The foregoing assumes Cream will not engage in the production of uranium or own an interest in a producing uranium property in Canada, or provide any financial service or transportation service, as the rules governing these businesses are different.

Certain transactions relating to the Common Shares would be exempt from the Investment Act, including:

- i. an acquisition of the Common Shares by a person in the ordinary course of that person's business as a trader or dealer in securities,
- ii. an acquisition of control of Cream in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the Investment Act, and
- iii. an acquisition of control of Cream by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of Cream, through the ownership of the Common Shares, remained unchanged.

## **E. Taxation**

**ALL PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF PURCHASING THE COMMON SHARES.**

### **Material Canadian Federal Income Tax Consequences for United States Residents**

The following summarizes the material Canadian federal income tax consequences generally applicable to the holding and disposition of Common Shares by a holder (in this summary, a "U.S. Holder") who, (a) for the purposes of the Income Tax Act (Canada) (the "Tax Act"), is not resident in Canada, deals at arm's length with Cream, holds the Common Shares as capital property and does not use or hold the Common Shares in the course of carrying on, or otherwise in connection with, a business in Canada, and (b) for the purposes of the Canada-United States Income Tax Convention, 1980 (the "Treaty"), is a resident solely of the United States, has never been a resident of Canada, and has not held or used (and does not hold or use) Common Shares in connection with a permanent establishment or fixed base in Canada. This summary does not apply to traders or dealers in securities, limited liability companies, tax-exempt entities, insurers, financial institutions (including those to which the mark-to-market provisions of the Tax Act apply), or any other U.S. Holder to which special considerations apply.

This summary is based on the current provisions of the Tax Act including all regulations thereunder, the Treaty, all proposed amendments to the Tax Act, the regulations and the Treaty publicly announced by the Government of Canada to the date hereof, and the current administrative practices of the Canada Customs and Revenue Agency. It has been assumed that all currently proposed amendments will be enacted as proposed and that there will be no other relevant change in any governing law or administrative practice, although no assurances can be given in these respects. This summary does not take into account provincial, U.S., state or other foreign income tax law or practice. The tax consequences to any particular U.S. Holder will vary according to the status of that holder as an individual, trust, corporation, partnership or other entity, the jurisdictions in which that holder is subject to taxation, and generally according to that holder's particular circumstances. Accordingly, this summary is not, and is not to be construed as, Canadian tax advice to any particular U.S. Holder.

### Dividends

Dividends paid or deemed to be paid to a U.S. Holder by Cream will be subject to Canadian withholding tax. Under the Treaty, the rate of withholding tax on dividends paid to a U.S. Holder is generally limited to 15% of the gross amount of the dividend (or 5% if the U.S. Holder is a corporation and beneficially owns at least 10% of Cream's voting shares). Cream will be required to withhold the applicable withholding tax from any such dividend and remit it to the Canadian government for the U.S. Holder's account.

### Disposition

A U.S. Holder is not subject to tax under the Tax Act in respect of a capital gain realized on the disposition of a Common Share in the open market unless the share is "taxable Canadian property" to the holder thereof and the U.S. Holder is not entitled to relief under the Treaty. A Common Share will be taxable Canadian property to a U.S. Holder if, at any time during the 60 months preceding the disposition, the U.S. Holder or persons with whom the U.S. Holder did not deal at arm's length alone or together owned, or had rights to acquire, 25% or more of Cream's issued shares of any class or series. If the shares of Cream constitute taxable Canadian property to the holder, the holder may be subject to Canadian income tax on the gain. The taxpayer's taxable capital gain or loss from a disposition of the share is the amount, if any, by which the proceeds of disposition exceed (or are exceeded by) the aggregate of the adjusted cost base and reasonable expenses of disposition. One-half of the capital gain is included in income and one-half of the capital loss is deductible from capital gains realized in the same year. Unused capital losses may be carried back three taxation years or forward indefinitely and applied to reduce capital gains realized in those years. It should be noted that Canada requires a withholding tax on the gross proceeds of a sale of taxable Canadian property by a non-resident. The withholding tax may be reduced on completion of a Clearance Certificate Request. If the disposition of the share is subject to tax in Canada, the non-resident must also file a Canadian income tax return reporting the disposition.

A U.S. Holder whose Common Shares do constitute taxable Canadian property, and who might therefore be liable for Canadian income tax under the Tax Act, will generally be relieved from such liability under the Treaty unless the value of such shares at the time of disposition is derived principally from real property situated in Canada. The value of Cream's common shares is not currently derived principally from real property situated in Canada.

### United States Federal Income Tax Consequences

NOTHING CONTAINED IN THIS SUMMARY CONTAINING ANY U.S. FEDERAL TAX ISSUE IS INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED FOR THE PURPOSE OF AVOIDING U.S. TAX PENALTIES UNDER THE CODE.

The following is a discussion of material United States federal income tax consequences, under current law, generally applicable to a U.S. Holder (as hereinafter defined) of common shares of Cream. This discussion does not address all potentially relevant federal income tax matters and it does not address consequences peculiar to persons subject to special provisions of federal income tax law, such as those described below as excluded from the definition of a U.S. Holder. In addition, this discussion does not cover any state, local or foreign tax consequences. (see "Taxation – Canadian Federal Income Tax Consequences" above). **Accordingly, we strongly recommend that holders and prospective holders of common shares of Cream consult their own tax advisors about the specific federal, state, local, and foreign tax consequences to them of purchasing, owning and disposing of common shares of Cream, based upon their individual circumstances.**

The following discussion is based upon the sections of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, published Internal Revenue Service ("IRS") rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time and which are subject to differing interpretations. This discussion does not consider the potential effects, both adverse and beneficial, of any proposed legislation, which, if enacted, could be applied, possibly on a retroactive basis, at any time.

### U.S. Holders

As used herein, a "U.S. Holder" means a holder of common shares of Cream who is a citizen or individual resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or of any political subdivision thereof, an estate whose income is taxable in the United States irrespective of source or a trust subject to the primary supervision of a court within the United States and control of a United States fiduciary as described Section 7701(a)(30) of the Code. This summary does not address the tax consequences to, and U.S. Holder does not include, persons subject to specific provisions of federal income tax law, such as tax-exempt

organizations, qualified retirement plans, individual retirement accounts and other tax-deferred accounts, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals, persons or entities that have a “functional currency” other than the U.S. dollar, shareholders subject to the alternative minimum tax, shareholders who hold common shares as part of a straddle, hedging or conversion transaction, and shareholders who acquired their common shares through the exercise of employee stock options or otherwise as compensation for services. This summary is limited to U.S. Holders who own common shares as capital assets, within the meaning of Section 1221 of the Code, and who own (directly and indirectly, pursuant to applicable rules of constructive ownership) no more than 5% of the value of the total outstanding stock of Cream. This summary does not address the consequences to a person or entity holding an interest in a shareholder or the consequences to a person of the ownership, exercise or disposition of any options, warrants or other rights to acquire common shares. In addition, this summary does not address special rules applicable to United States persons (as defined in Section 7701(a)(30) of the Code) holding common shares through a foreign partnership or to foreign persons holding common shares through a domestic partnership.

#### Distribution on Common Shares of Cream

In general, U.S. Holders receiving dividend distributions (including constructive dividends) with respect to common shares of Cream are required to include in gross income for United States federal income tax purposes the gross amount of such distributions, equal to the U.S. dollar value of such distributions on the date of receipt (based on the exchange rate on such date), to the extent that Cream has current or accumulated earnings and profits, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld may be credited, subject to certain limitations, against the U.S. Holder’s federal income tax liability or, alternatively, may be deducted in computing the U.S. Holder’s federal taxable income by those who itemize deductions. (See more detailed discussion at “Foreign Tax Credit” below). To the extent that distributions exceed current and accumulated earnings and profits of Cream, they will be treated first as a return of capital up to the U.S. Holder’s adjusted basis in the common shares and thereafter as gain from the sale or exchange of property. Preferential tax rates for long-term capital gains are applicable to a U.S. Holder, which is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder, which is a corporation.

In the case of foreign currency received as a dividend that is not converted by the recipient into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Generally any gain or loss recognized upon a subsequent sale or other disposition of the foreign currency, including the exchange for U.S. dollars, will be ordinary income or loss. However, an individual whose realized gain does not exceed \$200 will not recognize that gain, provided that there are no expenses associated with the transaction that meet the requirements for deductibility as a trade or business expense (other than travel expenses in connection with a business trip) or as an expense for the production of income.

Under current Treasury Regulations, dividends paid on Cream’s common shares, if any, generally will not be subject to information reporting and generally will not be subject to U.S. backup withholding tax. However, dividends and the proceeds from a sale of Cream’s common shares paid in the U.S. through a U.S. or U.S. related paying agent (including a broker) will be subject to U.S. information reporting requirements and may also be subject to the 28% U.S. backup withholding tax, unless the paying agent is furnished with a duly completed and signed Form W-9. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a refund or a credit against the U.S. Holder’s U.S. federal income tax liability, provided the required information is furnished to the IRS.

#### Foreign Tax Credit

A U.S. Holder who pays (or has withheld from distributions) Canadian income tax with respect to the ownership of common shares of Cream may be entitled, at the option of the U.S. Holder, to either receive a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces United States federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer’s income subject to tax. This election is made on a year-by-year basis and generally applies to all foreign taxes paid by (or withheld from) the U.S. Holder during that year. There are significant and complex limitations which apply to the credit; among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder’s United States income tax liability that the U.S. Holder’s foreign source income bears to his or its worldwide taxable income. In the determination of the application of this limitation, the various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern this classification process. In addition, this limitation is calculated separately with respect to specific classes of income such as “passive category income”, and “general category income.” Dividends distributed by Cream will generally constitute “passive category income” or, in the case of certain U.S. Holders, “general category income” for these purposes. The availability of the foreign tax credit and the application of the limitations on the credit are fact

specific, and U.S. Holders of common shares of Cream should consult their own tax advisors regarding their individual circumstances.

#### Disposition of Common Shares of Cream

In general, U.S. Holders will recognize gain or loss upon the sale of common shares of Cream equal to the difference, if any, between (i) the amount of cash plus the fair market value of any property received, and (ii) the shareholder's tax basis in the common shares of Cream. Preferential tax rates apply to long-term capital gains of U.S. Holders, which are individuals, estates or trusts. In general, gain or loss on the sale of common shares of Cream will be long-term capital gain or loss if the common shares are a capital asset in the hands of the U.S. Holder and are held for more than one year. Deductions for net capital losses are subject to significant limitations. For U.S. Holders, which are not corporations, any unused portion of such net capital loss may be carried over to be used in later tax years until such net capital loss is thereby exhausted.

For U.S. Holders that are corporations (other than corporations subject to Subchapter S of the Code), an unused net capital loss may be carried back three years and carried forward five years from the loss year to be offset against capital gains until such net capital loss is thereby exhausted.

#### Passive Foreign Investment Company

United States income tax law contains rules governing "passive foreign investment companies" ("PFIC") which can have significant tax effects on U.S. Holders of foreign corporations. These rules do not apply to non-U.S. Holders. Section 1297 of the Code defines a PFIC as a corporation that is not formed in the United States if, for any taxable year, either (i) 75% or more of its gross income is "passive income," which includes interest, dividends and certain rents and royalties or (ii) the average percentage, by fair market value (or, if the corporation is not publicly traded and either is a controlled foreign corporation or makes an election, by adjusted tax basis), of its assets that produce or are held for the production of "passive income" is 50% or more. Cream appears to have been a PFIC for the fiscal year ended March 31, 2008, and at least certain prior fiscal years. In addition, Cream may qualify as a PFIC in future fiscal years. **We strongly recommend that each U.S. Holder consult a tax advisor with respect to how the PFIC rules affect such U.S. Holder's tax situation.**

Each U.S. Holder who holds stock in a foreign corporation during any year in which such corporation qualifies as a PFIC is subject to United States federal income taxation under one of three alternative tax regimes at the election of such U.S. Holder. The following is a discussion of such alternative tax regimes applied to such U.S. Holders of Cream.

A U.S. Holder who elects to treat Cream as a qualified electing fund ("QEF") will be subject, under Section 1293 of the Code, to current federal income tax for any taxable year to which the election applies in which Cream qualifies as a PFIC on his pro rata share of Cream's (i) "net capital gain" (the excess of net long-term capital gain over net short-term capital loss), which will be taxed as long-term capital gain, and (ii) "ordinary earnings" (the excess of earnings and profits over net capital gain), which will be taxed as ordinary income, in each case, for the shareholder's taxable year in which (or with which) Cream's taxable year ends, regardless of whether such amounts are actually distributed. A U.S. Holder's tax basis in the common shares will be increased by any such amount that is included in income but not distributed.

The procedure a U.S. Holder must comply with in making an effective QEF election, and the consequences of such election, will depend on whether the year of the election is the first year in the U.S. Holder's holding period in which Cream is a PFIC. If the U.S. Holder makes a QEF election in such first year, i.e., a "timely" QEF election, then the U.S. Holder may make the QEF election by simply filing the appropriate documents at the time the U.S. Holder files his tax return for such first year. If, however, Cream qualified as a PFIC in a prior year during the U.S. Holder's holding period, then, in order to avoid the Section 1291 rules discussed below, in addition to filing documents, the U.S. Holder must elect to recognize under the rules of Section 1291 of the Code (discussed herein), any gain that he would otherwise recognize if the U.S. Holder sold his stock on the qualification date. The qualification date is the first day of Cream's first tax year in which Cream qualified as a QEF with respect to such U.S. Holder. For purposes of this discussion, a U.S. Holder who makes (i) a timely QEF election, or (ii) an untimely QEF election and the above-described gain-recognition election under Section 1291 is referred to herein as an "Electing U.S. Holder." A U.S. Holder who holds common shares at any time during a year of Cream in which Cream is a PFIC and who is not an Electing U.S. Holder (including a U.S. Holder who makes an untimely QEF election and does not make the above-described gain-recognition election) is referred to herein as a "Non-Electing U.S. Holder." An Electing U.S. Holder (i) generally treats any gain realized on the disposition of his Cream common shares as capital gain; and (ii) may either avoid interest charges resulting from PFIC status altogether, or make an annual election, subject to certain limitations, to defer payment of current taxes on his share of Cream's

annual realized net capital gain and ordinary earnings subject, however, to an interest charge. If the U.S. Holder is not a corporation, any interest charge imposed under the PFIC regime would be treated as “personal interest” that is not deductible.

In order for a U.S. Holder to make (or maintain) a valid QEF election, Cream must provide certain information regarding its net capital gains and ordinary earnings and permit its books and records to be examined to verify such information. Cream intends to make the necessary information available to U.S. Holders to permit them to make (and maintain) QEF elections with respect to Cream. **We strongly recommend that each prospective U.S. Holder consult a tax advisor regarding the availability of, and procedure for making, the QEF election.**

A QEF election, once made with respect to Cream, applies to the tax year for which it was made and to all subsequent tax years, unless the election is invalidated or terminated, or the IRS consents to revocation of the election. If a U.S. Holder makes a QEF election and Cream ceases to qualify as a PFIC in a subsequent tax year, the QEF election will remain in effect, although not applicable, during those tax years in which Cream does not qualify as a PFIC. Therefore, if Cream again qualifies as a PFIC in a subsequent tax year, the QEF election will be effective and the U.S. Holder will be subject to the rules described above for Electing U.S. Holders in such tax year and any subsequent tax years in which Cream qualifies as a PFIC. In addition, the QEF election remains in effect, although not applicable, with respect to an Electing U.S. Holder even after such U.S. Holder disposes of all of his or its direct and indirect interest in the shares of Cream. Therefore, if such U.S. Holder reacquires an interest in Cream, that U.S. Holder will be subject to the rules described above for Electing U.S. Holders for each tax year in which Cream qualifies as a PFIC.

In the case of a Non-Electing U.S. Holder, special taxation rules under Section 1291 of the Code will apply to (i) gains realized on the disposition (or deemed to be realized by reasons of a pledge) of his Cream common shares and (ii) certain “excess distributions,” as defined in Section 1291(b), by Cream.

A Non-Electing U.S. Holder generally would be required to pro rate all gains realized on the disposition of his Cream common shares and all excess distributions on his Cream common shares over the entire holding period for the common shares. All gains or excess distributions allocated to prior years of the U.S. Holder (excluding any portion of the holder’s period prior to the first day of the first year of Cream (i) which began after December 31, 1986, and (ii) for which Cream was a PFIC) would be taxed at the highest tax rate for each such prior year applicable to ordinary income. The Non-Electing U.S. Holder also would be liable for interest on the foregoing tax liability for each such prior year calculated as if such liability had been due with respect to each such prior year. A Non-Electing U.S. Holder that is not a corporation must treat this interest charge as “personal interest” which, as discussed above, is wholly non-deductible. The balance, if any, of the gain or the excess distribution will be treated as ordinary income in the year of the disposition or distribution, and no interest charge will be incurred with respect to such balance. In certain circumstances, the sum of the tax and the PFIC interest charge may exceed the amount of the excess distribution received, or the amount of proceeds of disposition realized, by the U.S. Holder.

If Cream is a PFIC for any taxable year during which a Non-Electing U.S. Holder holds Cream common shares, then Cream will continue to be treated as a PFIC with respect to such Registrant common shares, even if it is no longer definitionally a PFIC. A Non-Electing U.S. Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules discussed above for Non-Electing U.S. Holders) as if such Cream common shares had been sold on the last day of the last taxable year for which it was a PFIC.

Effective for tax years of U.S. Holders beginning after December 31, 1997, U.S. Holders who hold (actually or constructively) marketable stock of a foreign corporation that qualifies as a PFIC may elect to mark such stock to the market annually (a “mark-to-market election”). If such an election is made, such U.S. Holder will generally not be subject to the special taxation rules of Section 1291 discussed above. However, if a Non-Electing U.S. Holder makes the mark-to-market election after the beginning of the holding period for the PFIC stock, then the Section 1291 rules will apply to certain dispositions of, distributions on and other amounts taxable with respect to Cream common shares. A U.S. Holder who makes the mark-to market election will include in income for each taxable year for which the election is in effect an amount equal to the excess, if any, of the fair market value of the common shares of Cream as of the close of such tax year over such U.S. Holder’s adjusted basis in such common shares. In addition, the U.S. Holder is allowed a deduction for the lesser of (i) the excess, if any, of such U.S. Holder’s adjusted tax basis in the common shares over the fair market value of such shares as of the close of the tax year, or (ii) the excess, if any, of (A) the mark-to-market gains for the common shares in Cream included by such U.S. Holder for prior tax years, including any amount which would have been treated as a mark-to-market gain for any prior tax year but for the Section 1291 rules discussed above with respect to Non-Electing U.S. Holders, over (B) the mark-to-market losses for shares that were allowed as deductions for prior tax years. A U.S. Holder’s adjusted tax



basis in the common shares of Cream will be adjusted to reflect the amount included in or deducted from income as a result of a mark-to-market election. A mark-to-market election applies to the taxable year in which the election is made and to each subsequent taxable year, unless Cream common shares cease to be marketable, as specifically defined, or the IRS consents to revocation of the election. A U.S. Holder makes a mark-to-market election by filing IRS Form 8621. No view is expressed regarding whether common shares of Cream are marketable for these purposes or whether the election will be available.

Under Section 1291(f) of the Code, the IRS has issued Proposed Treasury Regulations that, subject to certain exceptions, would treat as taxable certain transfers of PFIC stock by Non-Electing U.S. Holders that are generally not otherwise taxed, such as gifts, exchanges pursuant to corporate reorganizations, and transfers at death. Generally, in such cases the basis of Cream common shares in the hands of the transferee and the basis of any property received in the exchange for those common shares would be increased by the amount of gain recognized. Under the Proposed Treasury Regulations, an Electing U.S. Holder would not be taxed on certain transfers of PFIC stock, such as gifts, exchanges pursuant to corporate reorganizations, and transfers at death. The transferee's basis in this case will depend on the manner of the transfer. In the case of a transfer by an Electing U.S. Holder upon death, for example, the transferee's basis is generally equal to the fair market value of the Electing U.S. Holder's common shares as of the date of death under Section 1014 of the Code. The specific tax effect to the U.S. Holder and the transferee may vary based on the manner in which the common shares are transferred. **We strongly recommend that each prospective U.S. Holder of Cream consult a tax advisor with respect to how the PFIC rules affect his or its tax situation.**

Certain special, generally adverse, rules will apply with respect to Cream common shares while Cream is a PFIC unless the U.S. Holder makes a timely QEF election. For example under Section 1298(b)(6) of the Code, a U.S. Holder who uses PFIC stock as security for a loan (including a margin loan) will, except as may be provided in regulations, be treated as having made a taxable disposition of such shares.

#### **F. Dividends and Paying Agents**

Not applicable.

#### **G. Statement by Experts**

Not applicable.

#### **H. Documents on Display**

Exhibits attached to this Form 20-F are also available for viewing at the head office of the Company, Suite 1400, 570 Granville Street, Vancouver, British Columbia V6C 3P1, or on request of Cream at 604-687-4622. Copies of Cream's consolidated financial statements and other disclosure documents required under the British Columbia *Securities Act* are available for viewing on the internet at [www.sedar.com](http://www.sedar.com) during normal business hours.

#### **I. Subsidiary Information**

Not applicable

### **ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

#### **Transaction Risk and currency Risk Management**

Cream's current operations do not employ financial instruments or derivatives. Currently, the Company has no long-term debt or source of revenue as the Company is in the resource exploration and development stage on its mineral property interests.

#### **Foreign Currency Exchange Rate Risk**

The Company is engaged in mineral exploration and related activities, including exploration, and reclamation. Changes in the price of foreign exchange rates could significantly affect the Company's profitability and cash flows. See "Key Information" under Item 3 above, for a description of factors relating to foreign exchange and currency

fluctuations. Its liabilities are all denominated in Canadian dollars. Certain operations are in Mexico and in Sierra Leone and are affected by exchange rate risk, of both the U.S. Dollar and the local currency in each country.

### **Exchange Rate Sensitivity**

The majority of Cream's exploration operations are in Sierra Leone, with additional exploration being conducted in Mexico and Canada, and its administrative operations are in Canada. It is affected by exchange rate risk, as the equity financings by the Company to date have been denominated in Canadian dollars. Excess cash is invested and may be affected by exchange rate risk for United States dollar expenditures. In future, it will be necessary to do further equity or other forms of financing. The funds are usually received in Canadian dollars. Funds received in U.S. dollars will likely remain in U.S. dollars and be used for expenditures in U.S. dollars, to reduce exchange risk. The risk that the Company is subject to arises when expenses are incurred in U.S. dollars or other currencies, but primarily U. S. dollars, with large fluctuations in the Canadian-U.S. dollar exchange rate at that time of the transaction. Exchange gains incurred in fiscal 2008 were \$41,516 on \$3.4 million in expenditures, an amount primarily related to activities in Sierra Leone.

### **Interest Rate Risk and Equity Price Risk**

Cream has been equity financed and does not have any debt that is subject to interest rate change risks.

### **Commodity Price Risk**

While the value of Cream's resource properties can always be said to relate to the price of precious metals and the outlook for same, Cream currently does not have any operating mines and hence does not have any hedging or other commodity based risk respecting its operations.

## **ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

Not applicable.

## **PART II**

## **ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

Not applicable.

## **ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

Not applicable.

## **ITEM 15. CONTROLS AND PROCEDURES**

### **a) Evaluation of disclosure controls and procedures.**

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms and (2) accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Management has carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this annual report, being March 31, 2008. This evaluation was carried out under the supervision and with the participation of our company's management, including our Chief Executive and Chief Financial Officers. Based upon that evaluation, our Chief Executive and Chief Financial Officers concluded that our company's disclosure controls and procedures are sufficiently designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

statements for external purposes in accordance with the Company's generally accepted accounting principles effective as at the end of the period covered by this report.

b) Management's annual report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of Chief Executive Officers and of the Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Management has assessed the design and operating effectiveness of our internal control over financial reporting as of March 31, 2008, based on the framework in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on our evaluation under the framework in Internal Control-Integrated Framework, management concluded that the Company's internal control over financial reporting was effective as of March 31, 2008. However, certain weaknesses do arise, primarily from the limited number of personnel employed in the accounting and financial reporting area, a situation that is common in smaller companies. As a consequence of this situation: (i) it is not feasible to achieve the complete segregation of duties; particularly with respect to its subsidiary office in Durango, Mexico, which is primarily an exploration office, and (ii) the Company is unable to design internal controls "in house" providing independent review at a sufficient level of expertise in complex areas of financial accounting, such as taxation and the Canadian to U.S. GAAP reconciliation.

The Company believes that the weaknesses identified in its systems of internal control are mitigated by the thorough review of the Company's financial statements by senior management, budgetary control over cash sent to subsidiary offices, and the monthly financial statements received from the subsidiary offices. The financial statements are reviewed by the Audit Committee of the Board and by consulting with external experts. In addition, senior management is active in the Company's day-to-day operations and in monitoring the Company's financial reporting. Regardless, these mitigating factors cannot completely eliminate the possibility that a material misstatement will occur as a result of the weaknesses identified in the Company's internal controls over financial reporting. A cost effective system of internal controls over financial reporting, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

c) Attestation Report of registered public accounting firm

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report.

d) Changes in internal controls over financial reporting

There were no significant changes in our internal controls over financial reporting identified in connection with the evaluation required by paragraph (d) of 17 CFR 240.13a-15 or 240.15d-15 that occurred during the period covered by this annual report that has affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

During the Company's most recently completed fiscal year ended March 31, 2008, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to affect, its internal control over financial reporting.

The term "internal control over financial reporting" is defined as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- (1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the registrant are being made only in accordance with authorizations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

## **ITEM 16A.AUDIT COMMITTEE FINANCIAL EXPERT**

### **Composition of the Audit Committee**

The members of the audit committee are Messrs Robin Merrifield, Sargent H. Berner and Doug Lang.

A member of the audit committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship, which could, in the view of the Company's board of directors, reasonably interfere with the exercise of a member's independent judgement. None of the current members of the board have a material relationship with the Company, although Mr. Berner provides consulting services through a private company which he controls, Kent Avenue Consulting Ltd., from which he earned \$16,500 in the year ended March 31, 2008, and as such, is not considered to be independent. No fees are paid to Mr. Robin Merrifield or Mr. Doug Lang.

At the date of this Annual Report on Form 20-F, the Company is in compliance with the audit committee composition rule set out in Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110"), the Canadian regulatory policy respecting audit committees, as a majority of the members of the audit committee are considered independent.

### **Relevant Education and Experience**

Disclosure respecting the education and experience of the audit committee is provided in their biographies above. As a result of their education and experience, each member of the audit committee has familiarity with, an understanding of, or experience in:

- The accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- Reviewing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, and
- An understanding of internal controls and procedures for financial reporting.

A member of the audit committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company. All of the audit committee members are financially literate. The board of directors has determined that Mr. Merrifield qualifies as a "financial expert" as defined in Item 401(e) of Regulation S-B, by virtue of his work experience and his education. Mr. Merrifield is independent as independence is defined in the listing standards of the New York Stock Exchange. The Securities and Exchange Commission has indicated that the designation of Robin Merrifield as an audit committee financial expert does not make him an "expert" for any purpose, impose on him any duties, obligations or liability that are greater than the duties, obligations or liability imposed on him as a member of the Audit Committee and the Board of Directors in absence of such designation, or affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

## **ITEM 16B.CODE OF ETHICS**

The Company has adopted a code of ethics that applies to the Company's chief executive officer, the chief financial officer and other members of senior management. The Company's Code of Ethics is attached as an exhibit to this Form 20-F.

## ITEM 16C.PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table discloses the aggregate fees billed for each of the last two fiscal years for professional services rendered by the Company's audit firm for various services.

<b>Services:</b>	<b>Years ended March 31,</b>	
	<b>2008 (Cdn\$)</b>	<b>2007 (Cdn\$)</b>
Audit fees	\$ 23,500	\$ 17,500
Audit-related fee	1,650	NIL
Tax fees	1,920	1,690
All other fees	--	--
<b>Total fees</b>	<b>\$ 27,070</b>	<b>\$ 19,190</b>

**Note:**

"Audit-Related Fee" includes services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

From time to time, management of the Company recommends to and requests approval from the audit committee for non-audit services to be provided by the Company's auditors. The audit committee routinely considers such requests at committee meetings, and if acceptable to a majority of the audit committee members, pre-approves such non-audit services by a resolution authorizing management to engage the Company's auditors for such non-audit services, with set maximum dollar amounts for each itemized service. During such deliberations, the audit committee assesses, among other factors, whether the services requested would be considered "prohibited services" as contemplated by the United States Securities and Exchange Commission and whether the services requested and the fees related to such services could impair the independence of the auditors. All of the non-audit related services provided by the Company's audit firm were pre-approved by the audit committee.

During the year ended March 31, 2008, none of the services described above under "Principal Accountant Fees and Services" under the captions "Audit-Related Fees", "Tax Fees", and "All Other Fees" were approved by the Audit Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

## ITEM 16D.EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

## ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

## **PART III**

## ITEM 17. FINANCIAL STATEMENTS

The Company's consolidated financial statements are stated in Canadian dollars and are prepared in accordance with Canadian GAAP, the application of which, in the case of the Company, conforms in all material respects for the periods presented with United States GAAP, except as disclosed in Note 14 to the consolidated financial statements.

The financial statements and notes thereto as required under Item 17 are attached hereto and found immediately following the text of this Annual Report. The audit report of Morgan and Company, independent Chartered Accountants, is included herein immediately preceding the consolidated financial statements.

## ITEM 18 FINANCIAL STATEMENTS

Not applicable. See item 17.

## ITEM 19. EXHIBITS

### Financial Statements:

- a. Auditors' Report on the consolidated balance sheets as at March 31, 2008 and 2007, and the consolidated statements of operations, shareholders' equity, and cash flows for each of the three years ended March 31, 2008, 2007 and 2006;
- b. Consolidated balance sheets as at March 31, 2008 and 2007;
- c. Consolidated statements of operations for each of the three years ended March 31, 2008, 2007 and 2006;
- d. Consolidated statements of shareholders' equity for each of the three years ended March 31, 2008, 2007 and 2006;
- e. Consolidated statements of cash flows for each of the three years ended March 31, 2008, 2007 and 2006;
- f. Notes to the consolidated financial statements.

### Index to Exhibits

The following exhibits are filed with this Annual Report on Form 20-F in respect of the current year:

<b>Exhibit Number</b>	<b>Description</b>
1.1*	Certified Copies of Transition Application and Notice of Articles and Notice of Articles - post transition
2.1	2008 Stock Option Plan (10% Rolling), as Approved by Shareholders on September 19, 2008
4.1*	Option to Purchase Diamond Exploration Licences EPL.1/94 and EPL.5/94 in Sierra Leone
6.1	Calculation of earnings per share – N/A
7.1	Explanation of calculation of ratios – N/A
8.1	List of Subsidiaries
11.1*	Code of ethics
12.1	Certification pursuant to Rule 13a-14(A)/15d-14(a) of Chief Executive Officer
12.2	Certification pursuant to Rule 13a-14(A)/15d-14(a) of Chief Financial Officer
13.1	Certification pursuant to 18 U.S.C. Section 1350 of Chief Executive Officer
13.2	Certification pursuant to 18 U.S.C. Section 1350 of Chief Financial Officer
A	A technical report titled, "Geological Report on the Dos Hornos and Once Bocas Gold Silver Structure, Nuevo Milenio Project, Municipality of Xalisco, Tepic Area, Nayarit State, Mexico Latitude: 21°21'35" North, Longitude: 104°46'53" West", dated February 16, 2006.
B**	A Technical Report on the Casierra alluvial diamond properties EPL 1/94 (Hima prospecting license area) and EPL 5/94 in Sierra Leone, West Africa, dated November 15, 2005, as amended January 18, 2006.
C***	A technical report titled, "Evaluation Report, Dos Hornor and Veta Tomas, Gold Silver Structures, Nuevo Milenio Project, Municipality of Xalisco, Tepic Area, Nayarit State, Mexico Latitude: 21°21'35" North, Longitude 104°46'53" West", dated January 30, 2008.

\*These exhibits have been filed with the Company's registration statement on Form 20-F and are incorporated by reference.

\*\*Previously filed via Form 6-K on EDGAR under Accession Number 0001137171-05-002324 on December 9, 2005, subsequently amended and filed via Form 6-K on EDGAR under Accession Number 0001137171-06-000254 on February 6, 2006.

\*\*\*Previously filed via Form 6-K on EDGAR under Accession Number 0001137171-08-000226 on March 12, 2008

## Glossary of Geologic and Mining Terms

**Adit** - A horizontal passage from the surface into a mine, commonly called a tunnel.

**Ag** - Chemical symbol for the metallic element silver.

**Au** - Chemical symbol for the metallic element gold.

**Alteration** - Any change in the mineralogic composition of a rock that is brought about by physical or chemical means.

**Banka drilling** – A drilling method used in inhospitable and isolated areas in the world, primarily using human manpower. Developed by Conrad Banka, the drills are indispensable to prospect or explore alluvial deposits; mine tailings; clay, bauxite and lateritic iron ore; water bearing layers; deep geochemistry in water saturated soils and for geotechnical soil testing.

**Bed** - The smallest division of a stratified rock series, marked by a well-defined divisional plane from its neighbours above and below; an ore deposit, parallel to the stratification, constituting a regular member of the series of formations.

**Bedding** - Condition where planes divide sedimentary rocks of the same or different lithology.

**Bedrock** - Solid rock exposed at the surface of the earth, or overlain by surficial deposits.

**Biotite** - A generally dark colored iron, magnesium and potassium rich mica.

**Caldera** - A large basin-shaped volcanic depression, more or less circular, the diameter of which is many times greater than that of the included vent or vents, irrespective of the steepness of the walls of the form of the floor.

**Contact** – The place or surface where two different kinds of rocks come together.

**Cretaceous** - A period of geological time extending from 135 million to 65 million years ago.

**Crown grant** - A mineral claim located on the ground, defined by two claim posts, the location of which is governed by a mineral title act enacted at an earlier date than the current act.

**Diamond drill hole** - A method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.

**Deposit** – A natural occurrence of a useful mineral or ore in sufficient extent and degree of concentrating to invite exploitation.

**Dip** - The angle at which a stratum or drill hole is inclined from the horizontal.

**Displacement** - Relative movement of rock on opposite side of a fault; also known as dislocation.

**Disseminated** – Fine particles of mineral dispersed through the enclosing rock.

**EM** - Electromagnetic.

**Fault** - A fracture in a rock along which there has been relative movement either vertically or horizontally.

**Feldspar** - A group of common aluminosilicate minerals.

**Feldspar porphyry** - A rock consisting of feldspar crystals embedded in a compact dark red or purple groundmass.

**Feasibility study** - Engineering study to determine if a mineral property can be developed at a profit, and the methods to develop it.

**Footwall** - The mass of rock that lies beneath a fault, an ore body, or a mine working; the top of the rock stratum underlying a vein or bed of ore.

**g/t** - Grams per tonne.

**Galena** - Lead sulphide, PbS, the principal ore of lead.

**Geochemical survey** - A measure of the abundance of different elements in rock, soil, water, etc.

**Geochemistry** - Study of chemical elements in rocks or soil.

**Geological mapping** – Surveys defining the surface distribution of rock varieties, age relationships and structural features.

**Grab sampling** - A random sample of mineralized rock with no statistical validity, taken simply to check the type of mineralization.

**Grade** - The quality of an ore; in effect, the metal content.

**Granite** – An intrusive rock consisting essentially of feldspar and quartz.

**Grid** - A network of evenly spaced horizontal and vertical bars or lines, used generally to locate points in the field when placed over a map or chart.

**Hanging wall** - The rock mass above a fault plane, vein, lode, ore body, or other structure, the underside of the country rock overlying a vein or bed of ore.

**Hectare** - A square of 100 metres on each side.

**Induced polarization survey** – A survey to determine the conductivity and chargeability of rock units located along grid lines.

**Intrusive** - Said of an igneous rock, which invades older rocks.

**Lime** - A white substance, calcium oxide (CaO), obtained by the action of heat on limestone, shells and other materials containing calcium carbonate.

**Limestone** - Rock consisting mainly of calcium carbonate, often composed of the organic remains of sea animals (mollusks, coral, etc.).

**Lode** - See vein.

**Meta-intrusive** - An intrusive rock that has been metamorphosed.

**Metamorphosed/Metamorphic** - A rock that has been altered by physical and chemical processes including heat, pressure and fluids.

**Meta-sediment** - A sedimentary rock that has been metamorphosed.

**Mineralization** - The concentration of metals and their chemical compounds within a body of rock.

**Mining lease** – A claim or number of claims to which the right to mine is assigned.

**Modified grid mineral claim** – A claim with north-south and east-west borders, located by using claim posts at each corner and at 500 metre intervals along each side. Each 500 metre x 500-metre interval is referred to as one unit and modified grid claims can total no more than 20 units in size.

**Net smelter royalty** - A royalty based on the actual metal sale price received less the cost of refining at an off-site refinery.



**Ore** - Rock containing mineral(s) or metals, which can be economically extracted.

**Orebody** - A solid and fairly continuous mass of ore.

**Outcrop** - An exposure of bedrock at the surface.

**Pb** - Chemical symbol for the metallic element lead.

**Pod** - An orebody of elongate, lenticular shape; also known as podiform orebody.

**PPB** - Part Per Billion.

**PPM** - Part Per Million.

**Pyrite** - Iron sulphide (FeS<sub>2</sub>).

**Quartz** - A mineral composed of silicon dioxide.

**Reconnaissance** - A general examination or survey of a region with reference to its main features, usually as a preliminary to a more detailed survey.

**Replacement mineralization** – Mineral deposit formed by replacement of previous rock.

**Rhyolite** - A siliceous volcanic rock with a high potassium in feldspar component.

**Rock chip sample** – A rock sample consisting of continuous chips collected over a specified width.

**Rotary drilling** – A drilling method where a hard-toothed bit rotates at the bottom of a drill pipe, grinding a hole into the rock. Lubrication is provided by continuously circulating drilling fluid, which brings the rock cuttings to the surface.

**Sediment** - Solid material that has settled down from a state of suspension in a liquid. More generally, solid fragmental material transported and deposited by wind, water or ice, chemically participated from solution, or secreted by organisms, and that forms in layers in loose unconsolidated form.

**Sedimentary rock** – Rock formed by lithification of sediments.

**Shaft** – a vertical excavation

**Shear** - To move as to create a planar zone of deformed rock.

**Showing** - A rock outcrop revealing the presence of a certain mineral.

**Siliceous** - Said of a rock rich in silica.

**Silt sample** – A sample of fine sediment collected from a stream bed.

**Soil sampling** - Systematic collection of soil samples at a series of different locations in order to study the distribution of soil geochemical values.

**Sphalerite** - A zinc sulphide, ZnS, which may contain some iron and cadmium; the principal ore of zinc and cadmium.

**Strike** – The horizontal plane representing the direction of a structure or bed.

**Sulphide** - A group of minerals in which one or more metals are found in combination with sulphur.

**Tonne** - Metric unit of weight equivalent to volume multiplied by specific gravity, equivalent to 1.102 tons.

**Trenching** - The act of blasting or digging through overburden/outcrop to attend fresh bedrock for mapping and sampling.

**Vein** - A tabular or sheet-like body of minerals, which has been intruded into a joint fissure, or system of fissures, in rocks.

**VLf** - Very Low Frequency.

**VLf EM survey** – A survey to determine ground variations in the electromagnetic field along grid lines.

**Workings** - A part of a mine, quarry, etc., where work is or has been done.

**Zn** - Chemical symbol for the metallic element zinc.

CREAM MINERALS LTD.  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008 and 2007



## AUDITORS' REPORT

To the Shareholders of  
Cream Minerals Ltd.

We have audited the consolidated balance sheets of Cream Minerals Ltd. as at March 31, 2008 and 2007 and the consolidated statements of operations, comprehensive loss, shareholders' equity and cash flows for each of the three years ended March 31, 2008, 2007 and 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2008 and 2007 and the results of its operations and its cash flows for each of the years ended March 31, 2008, 2007 and 2006 in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada  
July 25, 2008

"Morgan & Company"  
Chartered Accountants

### **Comments by Auditors for U.S. Readers on Canada-U.S. Reporting Difference**

In the United States, the standards of the Public Company Accounting Oversight Board (United States) require the addition of an explanatory paragraph (following the opinion paragraph) when there are events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in note 1 to the consolidated financial statements. Our report to the shareholders dated July 25, 2008, is expressed in accordance with Canadian reporting standards which do not permit a reference to such events and conditions in the auditors' report when they are properly accounted for and adequately disclosed in the consolidated financial statements.

Vancouver, B.C. Canada  
July 25, 2008

Chartered Accountants

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Suite 1488 - 700 West Georgia Street  
Vancouver, B.C. V7Y 1A1

# CREAM MINERALS LTD.

(an exploration stage company)

Consolidated Balance Sheets

	March 31, 2008	March 31, 2007
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 13,294	\$ 202,486
Short term investments	--	35,750
Taxes recoverable	198,882	91,972
Due from related parties (Note 10)	--	11,999
Accounts receivable and prepaid expenses	59,845	62,530
	272,021	404,737
<b>Mineral property interests</b> (Notes 5 and 15)	4,765,477	3,837,781
<b>Equipment</b> (Note 6)	234,706	177,998
<b>Investments</b> (Note 7)	24,769	31,706
<b>Reclamation and other deposits</b> (Note 8)	18,000	3,000
	\$ 5,314,973	\$ 4,455,222
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 232,524	\$ 304,473
Accounts payable, related parties (Note 10)	1,100,183	96,654
	1,332,707	401,127
<b>Shareholders' equity</b>		
<b>Share capital</b> (Note 9)		
Authorized: Unlimited number of common shares without par value		
Issued and fully paid: 47,921,073 (2007 – 41,801,343) common shares	23,776,948	21,482,992
<b>Warrants</b>	402,443	349,830
<b>Contributed surplus</b>	1,431,756	816,439
<b>Accumulated other comprehensive loss</b>	(6,937)	--
<b>Deficit</b>	(21,621,944)	(18,595,166)
	3,982,266	4,054,095
	\$ 5,314,973	\$ 4,455,222

Going concern and nature of operations (Note 1)

Subsequent events (Notes 5(e) and 17)

See accompanying notes to consolidated financial statements.

Approved on behalf of the board of Directors

/s/Frank A. Lang  
Director

/s/Robin Merrifield  
Director

# CREAM MINERALS LTD.

(An exploration stage company)

Consolidated Statements of Operations

	For the years ended March 31,		
	2008	2007	2006
<b>Expenses</b>			
Amortization	\$ 624	\$ 1,890	\$ 6,443
Finance costs (Notes 9 and 10(c))	154,010	--	--
Foreign exchange losses / (gains)	41,516	(2,330)	3,141
Legal, accounting and audit	74,714	42,419	26,642
Management and consulting fees (Note 10 ( b, d))	136,500	102,500	37,500
Office and administration	132,444	79,474	133,781
Property investigation costs	1,734	12,132	--
Salaries and benefits	115,736	75,929	84,795
Shareholder communications	353,259	286,510	190,246
Stock-based compensation	414,484	67,867	232,287
Travel and conferences	21,262	19,458	49,139
Write-down of investments	--	--	24,999
Write-down of mineral property interests (Note 5(e))	1,586,240	--	172,697
(Recovery) of value added tax	--	--	(69,841)
Interest income	(5,745)	(22,499)	(565)
<b>Loss for the year</b>	<b>(3,026,778)</b>	<b>(663,350)</b>	<b>(891,264)</b>
<b>Loss per common share</b>	<b>\$ (0.06)</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>
Weighted average number of common shares outstanding – basic and diluted	47,872,669	38,395,299	32,188,964

## Consolidated Statement of Comprehensive Loss

	Year ended March 31, 2008
<b>Loss for the year before other comprehensive loss</b>	<b>\$ (3,026,778)</b>
Unrealized losses on investments	(9,539)
<b>Comprehensive loss for the year</b>	<b>\$ (3,036,317)</b>

See accompanying notes to consolidated financial statements.

# CREAM MINERALS LTD.

(An exploration stage company)

Consolidated Statements of Shareholders' Equity

Years ended March 31, 2008 and 2007

	Common Shares Without Par Value		Share Subscriptions	Warrants	Contributed Surplus	Accumulated Other Comprehen- sive Losses	Deficit	Total Shareholders' Equity
	Shares	Amount						
Balance, March 31, 2005	29,690,659	\$ 17,010,613	\$ 429,217	\$ --	\$ 589,343	\$ --	\$(17,040,552)	\$ 988,621
Stock options exercised	776,600	128,937	--	--	(32,427)	--	--	96,510
Private placements, less share issue costs	4,000,000	1,286,343	(429,217)	--	--	--	--	857,126
Mineral property interests								
Goldsmith Claims	50,000	17,000	--	--	--	--	--	17,000
Lucky Jack Claims	50,000	17,500	--	--	--	--	--	17,500
Stephens Lake – Trout Claims	16,667	2,667	--	--	--	--	--	2,667
Kootenay Gemstone Property	100,000	37,000	--	--	--	--	--	37,000
Wine Claims	50,000	19,000	--	--	--	--	--	19,000
Finders' fees	32,350	11,323	--	--	--	--	--	11,323
Stock-based compensation	--	--	--	--	238,965	--	--	238,965
Loss for the year	--	--	--	--	--	--	(891,264)	(891,264)
Balance, March 31, 2006	34,766,276	18,530,383	--	--	795,881	--	(17,931,816)	1,394,448
Stock options exercised	877,900	251,432	--	--	(80,462)	--	--	170,970
Warrants exercised	90,500	40,725	--	--	--	--	--	40,725
Private placements, less share issue costs	5,500,000	2,425,285	--	349,830	--	--	--	2,775,115
Mineral property interests								
Goldsmith Claims	50,000	29,000	--	--	--	--	--	29,000
Lucky Jack Claims	50,000	27,500	--	--	--	--	--	27,500
Stephens Lake – Trout Claims	16,667	8,667	--	--	--	--	--	8,667
Kootenay Gemstone Property	100,000	49,000	--	--	--	--	--	49,000
Casierra Diamond Licences	300,000	99,000	--	--	--	--	--	99,000
Wine Claims	50,000	22,000	--	--	--	--	--	22,000
Stock-based compensation	--	--	--	--	101,020	--	--	101,020
Loss for the year	--	--	--	--	--	--	(663,350)	(663,350)
Balance, March 31, 2007	41,801,343	21,482,992	--	349,830	816,439	--	(18,595,166)	4,054,095
Stock options exercised	1,145,500	392,564	--	--	(140,434)	--	--	252,130
Warrants exercised and expired	1,745,300	785,385	--	(173,291)	173,291	--	--	785,385
Private placements, less share issue costs	2,750,500	938,591	--	225,904	--	--	--	1,164,495
Mineral property interests								
Stephens Lake – Trout Claims	16,666	13,166	--	--	--	--	--	13,166
Cedar Property	50,000	24,250	--	--	--	--	--	24,250
Bonus shares	411,764	140,000	--	--	--	--	--	140,000
Stock-based compensation	--	--	--	--	582,460	--	--	582,460
Transition adjustment to opening balance	--	--	--	--	--	2,602	--	2,602
Unrealized loss on investments for the year	--	--	--	--	--	(9,539)	--	(9,539)
Loss for the year	--	--	--	--	--	--	(3,026,778)	(3,026,778)
Balance, March 31, 2008	47,921,073	\$ 23,776,948	\$ --	\$ 402,443	\$ 1,431,756	\$ (6,937)	\$(21,621,944)	\$ 3,982,266

See accompanying notes to consolidated financial statements.

# CREAM MINERALS LTD.

(An exploration stage company)

Consolidated Statements of Cash Flows

	For the years ended March 31,		
	2008	2007	2006
<b>Cash provided by (used for)</b>			
<b>Operating activities</b>			
Loss for the year	\$ (3,026,778)	\$ (663,350)	\$ (891,264)
Items not affecting working capital			
Amortization	624	1,890	6,443
Stock-based compensation	414,484	67,867	232,287
Non-cash finance costs	140,000	--	--
Write-down of mineral property interests	1,586,240	--	172,697
Write-down of investments	--	--	24,999
Changes in non-cash working capital			
Taxes recoverable	(106,910)	(78,336)	(5,661)
Accounts receivable and prepaid expenses	2,685	(59,481)	6,790
Accounts payable and accrued liabilities	56,657	18,069	(9,272)
	(932,998)	(713,341)	(462,981)
<b>Investing activities</b>			
Mineral property interests			
Acquisition costs	(112,269)	(63,095)	(40,147)
Exploration and development costs	(2,234,579)	(1,850,109)	(471,547)
Related party advances	--	9,404	(16,866)
Reclamation and other deposits	(15,000)	29,883	--
Short term investments	35,750	(35,750)	--
Equipment	(179,605)	(201,411)	(4,918)
	(2,505,703)	(2,111,078)	(533,478)
<b>Financing activities</b>			
Due to/from related parties	1,047,499	(358,720)	337,230
Issuance of common shares	2,202,010	2,986,810	964,960
	3,249,509	2,628,090	1,302,190
<b>Cash and cash equivalents</b>			
Increase (decrease) during the year	(189,192)	(196,329)	305,731
Balance, beginning of year	202,486	398,815	93,084
Balance, end of year	\$ 13,294	\$ 202,486	\$ 398,815
<b>Supplementary information – non-cash investing and financing transactions</b>			
Stock-based compensation in mineral property interests	\$ 167,976	\$ 33,153	\$ 6,679
Issuance of shares for mineral property interests	\$ 37,416	\$ 235,167	\$ 93,165
Issuance of shares for finance and agent's fee	\$ --	\$ --	\$ 11,323
Cash paid for interest	\$ 10,338	\$ --	\$ --
Cash paid for income taxes	\$ --	\$ --	\$ --

See accompanying notes to consolidated financial statements.



# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 1. **Going concern and nature of operations**

Cream Minerals Ltd. (the "Company") is incorporated in the Province of British Columbia under the Business Corporations Act of British Columbia, and its principal business activity is the exploration of mineral properties, currently in Mexico, Sierra Leone and Canada.

These consolidated financial statements have been prepared on a going-concern basis, which implies that the Company will continue realizing its assets and discharging its liabilities in the normal course of business. 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, contingent obligations and commitments in other than the normal course of business and at amounts different from those in these financial statements.

The Company had a loss of \$3,026,778 for the year ended March 31, 2008, and the Company had a working capital deficiency, defined as current assets less current liabilities, as at March 31, 2008, of \$1,060,686, with an accumulated deficit of \$21,621,944.

The Company has capitalized \$4,765,477 (2007 – \$3,837,781) in acquisition and related exploration and development costs on its mineral properties. On the Nuevo Milenio property in Mexico, tax payments are required to be made twice yearly on an escalating basis, in January and July of each year in order to maintain the concessions. In addition, the Company must make cash payments of \$160,000 and issue 150,000 common shares in the year ended March 31, 2009, to maintain the mineral property interests held at March 31, 2008.

Without additional external funding to meet existing obligations and to finance further exploration and development work on its mineral properties, there is substantial doubt as to the Company's ability to continue as a going concern. Although the Company has been successful securing financing to date, there can be no assurance that additional funding will be available in the future. The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to achieve profitable mining operations or obtain adequate financing. Such adjustments could be material.

## 2. **Significant accounting policies:**

### **(a) Basis of consolidation**

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). These consolidated financial statements include the accounts of the Company and a wholly-owned subsidiary, Cream Minerals de Mexico, S.A. de C.V. All material intercompany balances and transactions have been eliminated on consolidation. The Company has incorporated three subsidiary companies in the British Virgin Islands to hold the mineral property interests in Sierra Leone in branch offices. Subsequent to March 31, 2008, the branch offices were formally registered in Sierra Leone.

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 2. Significant accounting policies (continued)

### (b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 amounts of revenue and expenditures during the reporting period. Significant areas requiring the use of management estimates may include the determination of impairment of equipment and mineral property interests, investments, reclamation obligations, rates of amortization, valuation of stock-based compensation and future income taxes. Actual results could differ from those estimated.

### (c) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition. Cash and cash equivalents are recorded at fair value and changes in fair value are reflected in the consolidated statements of operations.

### (c) Short-term investments

Short-term investments comprise investments in guaranteed investment certificates due to mature within one year from the date of purchase and are recorded at fair value. Changes in fair value are reflected in the consolidated statements of operations.

### (d) Mineral property interests

Mineral property acquisition costs and exploration and development costs are recorded at cost and deferred until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. These costs will be amortized over the estimated useful life of the property following commencement of commercial production or will be written off if the property is sold, allowed to lapse or is impaired.

Management of the Company periodically reviews the carrying values of mineral property interests whenever circumstances indicate they may be impaired by comparing the carrying value to the estimated undiscounted future cash flows resulting from the use of the mineral property interests and their eventual disposition. Management considers various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or property will be abandoned, then the deferred costs are written-off, or if its carrying value has been impaired, then the deferred costs are written down to fair value.

Mineral property acquisition costs include cash costs and the fair market value of common shares, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments relating to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded as mineral property acquisition costs upon payment.

Recorded costs of mineral property interests are not intended to reflect present or future values of resource properties. Capitalized costs are subject to measurement, uncertainty and it is reasonably possible, based on existing knowledge, a change in future conditions could require a material change in material amounts.

# **CREAM MINERALS LTD.**

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## **2. Significant accounting policies (continued)**

### **(d) Mineral property interests (continued)**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements. The Company is not aware of any disputed claims of title.

Administrative costs and property investigation costs, where a property interest is not acquired, are expensed as incurred.

### **(e) Investments and comprehensive income**

The Company accounts for its portfolio investments as long-term investments. They are initially recorded at cost. Under Section 1530, "Comprehensive Income" of the Canadian Institute of Chartered Accountants ("CICA") Handbook states that comprehensive income is the change in the Company's net assets that result from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in earnings or loss such as unexercised gains or losses on available-for sale investments. Other comprehensive income includes the holding gains and losses from available-for-sale securities which are not included in earnings or losses until realized.

### **(f) Equipment**

Equipment is recorded at cost and amortization begins when the asset is put into service. Amortization is recorded on a straight-line basis over the estimated economic lives of the various classes of equipment ranging from three to five years.

### **(g) Income taxes**

Income taxes are calculated using the asset and liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using the substantively enacted tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. If realization of future tax assets is not considered more likely than not, a valuation allowance is provided.

### **(h) Asset retirement obligations**

Asset retirement obligations are recognized when a legal obligation arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded, the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. As at March 31, 2008 and 2007, the Company has determined that it has no asset retirement obligations.

# **CREAM MINERALS LTD.**

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## **2. Significant accounting policies (continued)**

### **(i) Translation of foreign currencies**

The Company's operations in Mexico are considered to be integrated for the purposes of foreign currency translation using the temporal method. Under this method, monetary items are translated at the rate of exchange in effect at the end of the period. Non-monetary items are translated at historical exchange rates. Revenue and expense items are translated at the average exchange rates prevailing during the period, except for depreciation and amortization, which are translated at the same exchange rates as the assets to which they relate. Exchange gains and losses are included in net income in the current period.

### **(j) Stock-based compensation and other equity instruments**

The Company has a stock option plan which is described in Note 9. Stock-based compensation is recorded using a fair value based method on the date of grant, determined using the Black-Scholes ("B-S") option pricing model. The fair value of the options is recognized over the vesting period of the options granted as both stock compensation expense and contributed surplus. Proceeds arising from the exercise of stock options are credited to share capital.

Canadian Institute of Chartered Accountants in Section 3870 establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. It applies to transactions, including non-reciprocal transactions, in which an enterprise grants shares of common stock, stock options, or other equity instruments, or incurs liabilities based on the price of common stock or other equity instruments. The Company values share purchase warrants using the B-S option pricing model.

### **(k) Loss per common share**

The Company follows the "treasury stock" method in the calculation of diluted earnings per share. The treasury stock method is a method of recognizing the use of proceeds that could be obtained upon the exercise of stock options and share purchase warrants in computing diluted earnings per share. It assumes that any proceeds would be used to purchase common shares at the average market price during the period. Since the Company has losses, the exercise of outstanding stock options and share purchase warrants has not been included in the calculation as increasing the number of common shares outstanding would be anti-dilutive.

### **(l) Variable interest entities**

Variable Interest Entities are required to be consolidated by the primary beneficiary. The Company has determined that it has no Variable Interest Entities.

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 2. Significant accounting policies (continued)

### (m) Flow-through shares

Under the Canadian Income Tax Act, an enterprise may issue securities referred to as flow-through shares. These instruments permit the enterprise to renounce, or transfer to the investor the tax deductions associated with an equal amount of qualifying resource expenditures. In accordance with Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3465 – *Income Taxes*, and Emerging Issues Committee Abstract 146 – *Flow-through shares*, the Company records a future income tax liability on the date that the Company files the renouncement documents with the tax authorities, provided that there is reasonable assurance that the expenditures will be made. At the time of recognition of the future income tax liability, an offsetting reduction to share capital is made.

## 3. Recent accounting pronouncements

Recent accounting pronouncements issued which may affect the Company in the future are as follows:

### *Capital disclosures*

CICA handbook section 1535, “Capital Disclosures”, establishes standards for disclosing information about the Company’s capital and how it is managed.

This standard is effective for interim and annual financial statements beginning on or after October 1, 2007. The Company is currently evaluating the impact of adoption of this new standard on the disclosures in the consolidated financial statements.

### *Financial instruments disclosures*

In February 2007, the CICA issued handbook section 3862, “Financial Instruments – Disclosure” and section 3863 “Financial Instruments – Presentation” which are effective for fiscal years beginning on or after October 1, 2007. CICA handbook section 3862, “Financial Instruments – Disclosures”, requires entities to provide disclosure of quantitative and qualitative information in their financial statements. This information enables users to evaluate the significance of financial instruments on the Company’s operations and the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date. The Company will be required to disclose the measurement bases used for its financial instruments as well as the criteria used to determine the classification for different types of instruments.

The purpose of CICA handbook section 3863 “Financial Instruments – Presentation” is to enhance the financial statement users’ understanding of the significance of financial instruments to the Company’s financial position, performance and cash flows.

The Company is currently evaluating and determining the impact of the adoption of these changes on the disclosure in the consolidated financial statements.

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 3. Recent accounting pronouncements (continued)

### *General standards on financial statement presentation*

CICA handbook section 1400, "General Standards on Financial Statement Presentation", has been amended to include requirements to assess and disclose a Company's ability to continue as a going concern. The changes are effective for interim and annual financial statements beginning January 1, 2008. The Company is currently evaluating and determining the impact of the adoption of these changes on the disclosure in the consolidated financial statements.

### *Goodwill and intangible assets*

CICA handbook section 3064, "Goodwill and intangible assets", establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. The effective date of this new standard applies to fiscal years beginning January 1, 2009. The Company is currently evaluating and determining the impact of the adoption of these changes on the disclosure in the consolidated financial statements.

## 4. Change in accounting policies

### *Financial instruments*

Effective April 1, 2007, the Company has adopted new CICA handbook sections 3855 "Financial Instruments – Recognition and Measurement" and 3861 "Financial Instruments – Disclosure and Presentation".

Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated. The adoption of these handbook sections had no impact on the Company's opening deficit.

Under Section 3855, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.

Upon adoption of these new standards, the Company designated its cash and cash equivalents and short-term investments as held-for-trading, which are measured at fair value.

Accounts receivable, amounts due from related parties and deposits are classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities, amounts due to related parties and convertible preference shares, are classified as other financial liabilities and are measured at amortized cost.

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 4. Change in accounting policies (continued)

### *Hedges*

Effective April 1, 2007, the Company has adopted the new CICA handbook section 3865 “Hedges”. The Company has not previously undertaken hedging activities and thus the adoption of this section has no impact on the consolidated financial statements.

### *Comprehensive income / (loss)*

Effective April 1, 2007, the Company adopted the new CICA handbook section 1530 “Comprehensive Income”. Comprehensive income represents the change in net assets resulting from transactions, events and circumstances from sources other than shareholders and includes items that would normally be included in net income such as unrealized gains and losses on available-for-sale investments.

The unrealized gain on the available for sale securities from purchase to March 31, 2007, was \$2,602, which is reported as an adjustment to the opening balance of accumulated other comprehensive income.

## 5. Mineral property interests

Detailed accumulated costs in respect to the Company’s mineral property interests owned, leased or held under option are disclosed in Note 15. Property payments made on the Company’s mineral property interests during the year ended March 31, 2008, are included in the property descriptions below.

### (a) **Kaslo Silver Property, Kaslo, British Columbia, Canada**

In accordance with CICA Accounting Guideline 11, in the year ended March 31, 2003, the Company had written off deferred property costs to a nominal carrying value of \$1 to reflect the extended period of inactivity on the property. Preliminary work was restarted on this property in the year ended March 31, 2004, and property costs are again being deferred.

#### (i) **Bismark Claims**

The Company holds a 100% interest in the property. The property is subject to a net smelter returns (“NSR”) royalty of 1.5% of which 50% can be purchased for the sum of \$500,000.

#### (ii) **Black Bear Group of Claims**

The Company holds a 100% interest in the claims. The claims are subject to a 3% NSR royalty from the production of gold and silver and 1.5% NSR royalty from the production of other metals from the property. The Company has the right to purchase 50% of the royalty interest for \$500,000 upon completion of a positive feasibility report.

#### (iii) **Black Fox Claims**

The Company holds a 100% interest in the Black Fox Silver claims.

# **CREAM MINERALS LTD.**

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## **5. Mineral property interests (continued)**

### **(b) Nuevo Milenio Property, Nayarit, Mexico**

The Company holds a 100% interest in the Nuevo Milenio Property, located in Nayarit, Mexico.

### **(c) British Columbia properties**

The Company holds an option to acquire a 100% interest in the Kootenay Gemstone property located in the Nelson Mining Division, British Columbia. The option agreement calls for the issuance of 500,000 common shares (issued) and cash payments totalling \$100,000 (\$20,000 paid) over 72 months. The optionor will retain a 2% net product returns royalty from the production of gemstones, half of which may be purchased by the Company for \$1,000,000 upon commencement of commercial production.

The Company holds an option to acquire a 100% interest in the Goldsmith property comprised of the Goldsmith and Lucky Jack properties located near Kaslo, British Columbia. The Goldsmith option agreement calls for the issuance of 200,000 common shares (issued) and cash payments totalling \$110,000 (\$50,000 paid) over six years. The Lucky Jack option agreement calls for the issuance of 200,000 common shares (issued) and payments totalling \$110,000 (\$70,000 paid) over six years. The optionors will retain a 2.0% NSR royalty on all metals. The Company may acquire one half of the NSR royalty on each of the two properties for \$1,000,000 each, upon commencement of commercial production or earlier.

### **(d) Manitoba Properties**

#### **(i) Stephens Lake Property**

The Company holds, jointly with Sultan Minerals Inc. and ValGold Resources Ltd. (the "Companies") (See Note 10 (f)) a 75% interest in two staked claims, the Trout and Trout 1 claims. The Companies made cash payments totalling \$110,000 (\$36,667 paid by the Company, including a final payment of \$13,333 in the year ended March 31, 2008) and issued 200,001 common shares (66,667 common shares in the capital of each of the three companies, of which the final 16,666 common shares were issued by the Company in the year ended March 31, 2008. Upon earning the 75% interest, the Companies and the optionor may enter into a 75:25 joint venture for the further exploration and development of the Trout Claim Group. A joint venture agreement has not been finalized between the Companies and the optionor, although the claims remain in good standing.

#### **(ii) Wine Claims**

In March 2006, the Company entered into an option agreement to acquire 100% interest in the Wine Claim, MB 3964 and Wine 1 Claim, located approximately 60 kilometres southeast of Flin Flon, Manitoba. The Company can earn its interest by making payments totalling \$105,000 (\$25,000 paid) and issuing 200,000 common shares (100,000 issued) over a 48-month period. The Company must also incur exploration expenditures on the property of \$5,000 annually for four years. On completion of these obligations, the property will be subject only to a 2.0% NSR royalty payable to the optionor from the production of gold, silver and all base metals and other minerals. The Company has the right to reduce the NSR royalty to 1.0% by the payment of \$1,000,000 to the optionor at any time up to and including the commencement of commercial production.



# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 5. Mineral property interests (continued)

### (iii) Grand Nickel Project, Manitoba

In October 2007, the Company entered into an agreement to acquire 100% interest in the Grand Nickel Project, being the Cedar 1, MB7355 and MEL 324B claims, located in the Thompson Nickel Belt, approximately 40 kilometres north-west of the town of Grand Rapids, Manitoba. Terms of the option agreement are cash payments totalling \$105,000 and the issuance of 200,000 common shares to the optionor over a 48-month period. The Company is to make cash payments to the optionor of \$10,000 on regulatory approval (paid); \$15,000 one year following regulatory approval; \$40,000 two years and \$40,000 three years following regulatory approval. The Company is to issue at its option a total of 200,000 common shares as follows: 50,000 common shares upon regulatory approval (issued); and 50,000 common shares annually on the same payment dates as the cash payments noted above. The Company is also required to incur exploration expenditures totalling \$5,000 within one year following the date of regulatory approval, \$10,000 cumulative on or prior to the second anniversary; \$15,000 cumulative on or prior to the third anniversary; and \$20,000 cumulative on or prior to the fourth anniversary of regulatory approval. Upon completion of the terms, the property will be subject to a 2.0% NSR payable to the optionor from the production of gold, silver and all base metals and other minerals derived from the property. The Company has the right to reduce the NSR to 1.0% by making a payment of \$1,000,000 to the optionor at any time up to and including the commencement of commercial production.

### (e) Casierra Diamond Licences, Sierra Leone

The Company has a 70% interest in production from two exclusive prospecting licence areas for diamonds and other minerals and metals in Sierra Leone, West Africa. The Company entered into an agreement with Casierra Diamond Corporation. ("CDC") and its wholly-owned subsidiary, Casierra Development Fund Inc. ("CDF") and issued 500,000 common shares and expended US\$800,000 in exploration expenditures by March 16, 2007. A joint venture was to be formed between the parties and each party was to contribute to further expenditures on the licences in accordance with its interest, subject to certain conditions. During the year ended March 31, 2008, the Company conducted two work programs on the claim located on the Sewa River ("onshore claim"). Exploration results did not meet the expectations of the Company and the recoverability of exploration costs is uncertain, and as a result, the Company has written the carrying value of the onshore claim down by \$1,586,240 to a nominal carrying value of \$1. Further write-downs on the onshore claim including certain fixed assets may be recorded in future periods.

## 6. Equipment

	2008			2007		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Vehicles	\$ 120,550	\$ 54,591	\$ 65,959	\$ 57,283	\$ 33,745	\$ 23,538
Office equipment	1,573	589	984	1,573	292	1,281
Computer equipment	19,238	11,610	7,628	16,673	7,404	9,269
Field equipment	258,337	128,266	130,071	192,833	48,923	143,910
Buildings	30,813	749	30,064	--	--	--
	\$ 430,511	\$ 195,805	\$ 234,706	\$ 268,362	\$ 90,364	\$ 177,998

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 7. Investments

	Number of Shares	Cost	Transition Adjustment	Accumulated unrealized holding gains (loss)	Fair Value
<b>Publicly traded companies:</b>					
ValGold Resources Ltd.	100,000	\$ 30,000	\$ --	\$ (8,000)	\$ 22,000
Abitibi Mining Corp.	7,000	210	385	245	455
Stingray Resources Ltd.	2,016	698	1,762	814	1,512
Emgold Mining Corporation	2,000	480	140	(180)	300
Sultan Minerals Inc.	2,630	316	315	184	500
		31,704	2,602	(6,937)	24,767
<b>Non-public companies:</b>					
Terra Gaia Inc.	100,000	1	--	--	1
LMC Management Services Ltd. (Note 10(a))	1	1	--	--	1
		\$ 31,706	\$ 2,602	\$ (6,937)	\$ 24,769

	Number of Shares	Book Value 2007
<b>Publicly traded companies:</b>		
ValGold Resources Ltd.	100,000	\$30,000
Abitibi Mining Corp.	7,000	210
Stingray Resources Ltd.	2,016	698
Emgold Mining Corporation	2,000	480
Sultan Minerals Inc.	2,630	316
		31,704
<b>Non-public companies:</b>		
Terra Gaia Inc.	100,000	1
LMC Management Services Ltd.	1	1
		\$31,706

The Company's investments are available-for-sale financial instruments and are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.

The quoted market value of the above listed publicly traded securities at March 31, 2007, was \$34,306 (See Note 10). Terra Gaia Inc. and LMC Management Services Ltd. are private companies. The Company wrote down its investment in Terra Gaia to a nominal value of \$1 at March 31, 2006.

## 8. Reclamation and other deposits

Prior to commencement of exploration of a mineral property in British Columbia, a Company is required to post a reclamation deposit, which is refunded to the Company upon completion of reclamation to the satisfaction of the Inspector of Mines. The Company has no contractual liabilities or existing obligations arising from environmental or reclamation costs.

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 9. Share capital

### Authorized

Unlimited number of common shares without par value.

### Issued and fully paid

47,921,073 common shares without par value

During the years ended March 31, 2008 and 2007, the Company issued the following common shares:

#### 2008

1. 411,764 bonus shares recorded as a finance cost were issued to Frank Lang, pursuant to a bonus agreement entered into relating to a loan agreement for funds advanced by Mr. Lang to the Company over a period of time prior to regulatory approval of a loan agreement. The loan agreement is for a total of \$700,000 to be repaid by October 26, 2008. Interest is to be paid at an annual rate of 6%, payable quarterly, with payments commencing 90 days from the receipt of regulatory acceptance, which was December 5, 2007; and
2. 2,750,500 common shares were issued in a non-brokered private placement of 2,750,500 units at a price of \$0.45 per unit for gross proceeds of \$1,237,725. Each unit was comprised of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share for a period of 24 months from closing at an exercise price of \$0.55 per share in the first twelve months and \$0.65 per share for the balance of the two-year term. The warrants were valued using a B-S pricing model using the following assumptions: weighted average risk free interest rate – 4.08%; volatility factors of 91% to 93%, and an expected life of two years. The value allocated to each of the warrants was \$0.08.

Compensation was paid to certain eligible arm's-length parties (the "Finders"), and was comprised of a cash commission totalling \$64,638, equal to 8% of the gross proceeds received by the Company from the sale of units by such Finders, and a total of 143,640 non-transferable warrants (the "Finder's Warrants") equal to 8% of the number of units sold by such Finders. Each Finder's Warrant entitles the holder, on exercise, to purchase one additional common share of the Company (a "Finder's Warrant Share") for a period of two years following the date of issue of the Finder's Warrants at an exercise price of \$0.55 per Finder's Warrant Share in the first twelve months and \$0.65 per Finder's Warrant Share for the balance of the two-year term. This private placement closed in two tranches. The Finder's Warrants were valued using a B-S pricing model using the following assumptions: weighted average risk free interest rate – 4.08%; volatility factors of 91% to 93%, and an expected life of two years. The fair value attributable to each of the Finder's Warrants was \$0.16 to \$0.22.

#### 2007

3. On June 1, 2006, the Company completed a private placement of 3,000,000 units at a price of \$0.60 per unit. Each unit was comprised of one common share and one half of one non-transferable share purchase warrant, exercisable at a price of \$0.75 until June 1, 2007.
4. On February 22, 2007, the Company completed a private placement of 2,500,000 units at a price of \$0.40 per unit. Each unit was comprised of one common share and one half of one non-transferable share purchase warrant, exercisable at a price of \$0.50 until February 21, 2009.

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 9. Share capital (continued)

### Stock options

The Company has a stock option plan for its directors and employees to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. The Company may issue up to 8,941,761 common shares under the plan. At March 31, 2008, 5,349,900 (March 31, 2007, 3,770,400) stock options have been granted and are outstanding, exercisable for up to five years.

The Company's stock option plan provides for vesting of 25% on the date of grant and 25% every six months thereafter, and all stock options granted by the Company in fiscal 2008 and 2007 have been granted under this vesting schedule.

During the year ended March 31, 2008, the fair value of 1,855,000 stock options granted was estimated on the date of grant using the B-S option-pricing model with the following weighted average assumptions: Risk free interest rate – 4%; expected life in years – 3.25, and expected volatility of 82%. The fair value per option granted during the period was \$0.28.

The Company granted 780,000 stock options for investor relations services. These options were granted as follows: 260,000 at a price of \$0.75, 260,000 at a price of \$0.85, and 260,000 at a price of \$0.95, all with an expiry date of September 21, 2012. The fair value of the stock options granted was estimated on the date of grant using the B-S option-pricing model with the following weighted average assumptions: Risk free interest rate – 4.59%; expected life in years – 1.5, and expected volatility of 92%. The fair value per option at the time of grant was \$0.13, \$0.125 and \$0.11 for the options granted at prices of \$0.75, \$0.85 and \$0.95, respectively.

The Company granted 150,000 stock options for investor relations services at a price of \$0.50 per share, exercisable for until December 11, 2012. The fair value of the stock options granted was estimated on the date of grant using the B-S option-pricing model with the following weighted average assumptions: risk free interest rate – 4.18%; expected life in years – 5, and expected volatility of 93%. The fair value per option at the time of grant was \$0.30.

The Company granted 225,000 stock options to geological consultants at a price of \$0.50 per share, exercisable until February 4, 2013. The fair value of the stock options granted was estimated at the date of grant using the B-S options pricing model with the following weighted average assumptions: risk-free interest rate – 3.21%; expected life in years – 1.0; and expected volatility of 83%. The fair value per option at the time of grant was \$0.08.

A summary of the fair value of stock options granted during the year using the B-S option-pricing model with weighted average assumptions as follows:

Weighted average:	Years ended March 31,		
	2008	2007	2006
Risk free interest rate	4.13%	3.98%	3.21%
Expected life (years)	3.0	3.0	3.0
Expected volatility	85%	85%	109%
Fair value per option granted	\$ 0.23	\$ 0.26	\$ 0.12

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 9. Share capital (continued)

### Stock options (continued)

The following table summarizes information on stock options outstanding at March 31, 2008:

Exercise Price	Number Outstanding	Average Remaining Contractual Life
\$0.54	957,300	0.72 years
\$0.30	416,100	1.52 years
\$0.165	715,000	2.34 years
\$0.50	100,000	3.20 years
\$0.53	310,000	3.83 years
\$0.50	1,696,500	4.05 years
\$0.75	260,000	4.48 years
\$0.85	260,000	4.48 years
\$0.95	260,000	4.48 years
\$0.50	150,000	4.68 years
\$0.50	225,000	4.85 years
	5,349,900	

A summary of the changes in stock options for the years ended March 31, 2008, 2007 and 2006, is presented below:

	Number of Shares	Weighted Average Exercise Price
Balance, March 31, 2005	3,029,900	\$0.33
Exercised	(776,600)	\$0.12
Granted	1,985,000	\$0.18
Balance, March 31, 2006	4,238,300	\$0.30
Exercised	(877,900)	\$0.19
Granted	410,000	\$0.52
Balance, March 31, 2007	3,770,400	\$0.34
Exercised	(1,145,500)	\$0.22
Granted	3,010,000	\$0.59
Cancelled and forfeited	(285,000)	\$0.52
Balance, March 31, 2008	5,349,900	\$0.50
Exercisable at March 31, 2008	3,746,150	\$0.46

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 9. Share capital (continued)

### Share purchase warrants

As at March 31, 2008, the following share purchase warrants issued in connection with private placements were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,250,000	\$0.50	February 21, 2009
745,000	\$0.55/\$0.65	November 30, 2008/09
49,600	\$0.55/\$0.65	November 30, 2008/09
630,250	\$0.55/\$0.65	December 10, 2008/09
94,040	\$0.55/\$0.65	December 10, 2008/09
2,768,890		

A summary of the changes in warrants for the years ended March 31, 2008, 2007 and 2006, is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2005	1,200,000	\$0.75
Expired	(1,200,000)	\$0.75
Issued	3,032,350	\$0.43
Balance, March 31, 2006	3,032,350	\$0.43
Exercised	(90,500)	\$0.45
Expired	(32,350)	\$0.45
Issued	2,750,000	\$0.64
Balance, March 31, 2007	5,659,500	\$0.53
Exercised	(1,745,300)	\$0.45
Expired	(2,664,200)	\$0.60
Issued	1,518,890	\$0.55
Balance, March 31, 2008	2,768,890	\$0.53

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 10. Related party transactions and balances

Services rendered in the year ended March 31,	2008	2007	2006
LMC Management Services Ltd. (a)	\$ 317,888	\$ 232,638	\$ 244,149
Lang Mining Corporation (b)	120,000	85,000	30,000
Legal fees	--	--	13,895
Consulting (d, f)	16,500	17,500	7,500
Finance costs (c)	154,010	--	--
Director (e)	US 102,000	US 102,000	59,138
<hr/>			
Balances at March 31,	2008	2007	
Balances receivable from (g):			
LMC Management Services Ltd.(a)	\$ --	\$ 11,999	
Balances payable to (g):			
LMC Management Services Ltd.(a)	\$ 89,004	\$ --	
Lang Mining Corporation (b)	10,500	--	
Ainsworth Jenkins - Casierra project (c)	39,038	49,612	
Directors (c)	961,641	47,042	
	\$ 1,100,183	\$ 96,654	

(a) Management, administrative, geological and other services are provided by LMC Management Services Ltd. ("LMC"), a private company held jointly by the Company and other public companies to provide services on a full cost recovery basis to the various public entities currently sharing office space with the Company. Currently the Company has a 25% interest in LMC. Three months of estimated working capital is required to be on deposit with LMC under the terms of the services agreement. There is no difference between the cost of \$1 and the equity value.

(b) Lang Mining Corporation ("Lang Mining") is a private company controlled by Frank A. Lang, the president of the Company. Lang Mining has provided management services to the Company at a rate of \$10,000 per month since November 1, 2006.

(c) Frank A. Lang holds approximately 33% of the issued and outstanding shares of Casierra Diamond Corporation, incorporated in British Columbia and its wholly-owned subsidiary company, Casierra Development Fund Inc., also incorporated in British Columbia, which hold an interest in two prospecting licence areas for diamonds and other minerals and metals in Sierra Leone, West Africa.

At the time of entering into an agreement to issue 411,764 common shares in consideration of a loan agreement, Mr. Lang initially advanced \$700,000 to the Company without interest or repayment terms. In consideration of the loan to the Company, the Company entered into an agreement to issue 411,764 common shares to Mr. Lang as bonus shares in lieu of interest to that date. The value of these shares has been calculated at \$140,000. Pursuant to the terms of the loan agreement, the Company will pay interest to Mr. Lang on a per annum rate of six percent (6%). Interest is payable quarterly commencing ninety (90) days from the date of regulatory approval, and interest payments will be payable every ninety (90) days thereafter until the loan is repaid in full. To March 31, 2008, Mr. Lang has been paid \$14,010. The loan and accrued interest thereon may be prepaid by the Company in whole or in part at any time and from time to time, without penalty. Mr. Lang has advanced an additional \$249,244 to March 31, 2008, which has been advanced without interest or repayment terms. All debt owing to Mr. Lang is unsecured.

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 10. Related party transactions and balances (continued)

- (d) Consulting fees were paid indirectly to Kent Avenue Consulting Ltd., a private company controlled by a director, Sargent H. Berner. These fees were paid through LMC, and are also included in the balance for services provided by LMC. Any amount owing to Kent Avenue Consulting Ltd. is owed to LMC, and so is included in the net receivable from LMC.
- (e) Fees were paid to Fred Holcapek, a director of the Company and an officer of the subsidiary in Mexico, at a rate of US\$8,500 per month for administrative and geological services.
- (f) The Company's investments in public companies include shares of Emgold Mining Corporation, Sultan, and ValGold, companies with directors and management in common with the Company. The Company also holds interests in the Stephens Lake property jointly with Sultan and ValGold.
- (g) Balances payable to related parties, and balances receivable from related parties are non-interest bearing and due on demand.
- (h) Related parties participated in the private placements described in Note 9. All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 11. Financial instruments

The Company's financial instrument are comprised of cash and cash equivalents, taxes recoverable, amounts due to and from related parties, accounts payable and accrued liabilities. Financial instruments are recorded at cost as their fair values approximate their carrying values due to the immediate or short-term maturity of the financial instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments.

## 12. Segmented information

### Operating segments

The Company has one operating segment, which is the exploration of mineral properties.

### Geographic segments

The Company's principal operations are carried out in Canada, Mexico and Sierra Leone. All investment income is earned in Canada. Segmented assets by geographical location are as follows:

2008	Canada	Mexico	Sierra Leone	Total
Current assets	\$ 82,539	\$ 189,482	\$ --	\$ 272,021
Mineral properties and deferred costs	1,381,995	1,861,966	1,521,516	4,765,477
Equipment	1,706	14,888	218,112	234,706
Investments	24,769	--	--	24,769
Reclamation and other deposits	18,000	--	--	18,000
Total Assets	\$ 1,509,009	\$2,066,336	\$ 1,739,628	\$ 5,314,973



# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 12. Segmented information (continued)

### Geographic segments (continued)

2007	Canada	Mexico	Sierra Leone	Total
Current assets	\$ 274,528	\$ 130,209	\$ --	\$ 404,737
Mineral properties and deferred costs	1,029,042	1,077,716	1,731,023	3,837,781
Equipment	6,393	6,691	164,914	177,998
Investments	31,706	--	--	31,706
Reclamation and other deposits	3,000	--	--	3,000
<b>Total Assets</b>	<b>\$ 1,344,669</b>	<b>\$1,214,616</b>	<b>\$ 1,895,937</b>	<b>\$ 4,455,222</b>

## 13. Income taxes

The income taxes shown in the consolidated statements of operations differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	2008	2007	2006
Loss for the year	\$ (3,027,000)	\$ (663,000)	\$ (891,000)
Statutory tax rate	32.00%	34.12%	34.50%
Expected income tax recovery	969,000	226,000	307,000
Non-deductible differences	(641,000)	(29,000)	(146,000)
Effect of change in tax rates and other	(328,000)	(197,000)	(161,000)
<b>Income tax provision</b>	<b>--</b>	<b>--</b>	<b>--</b>

The significant components of the Company's future tax assets are as follows:

	2008	2007	2006
Operating losses carried forward	\$ 1,356,000	\$ 1,350,000	\$ 1,197,000
Resource and capital asset deductions	1,916,000	1,740,000	1,870,000
Share issue costs	16,000	20,000	28,000
	3,288,000	3,110,000	3,095,000
Valuation allowance for future tax assets	(3,288,000)	(3,110,000)	(3,095,000)
	\$ --	\$ --	\$ --

The realization of income tax benefits related to these future potential tax deductions is uncertain and cannot be viewed as more likely than not. Accordingly, no future income tax assets have been recognized for accounting purposes.

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 13. Income taxes (continued)

The Company has Canadian non-capital losses carried forward of \$3,357,000 that may be available for tax purposes. The losses expire as follows:

Expiry date	\$
2010	270,000
2014	405,000
2015	424,000
2026	564,000
2027	618,000
2028	1,076,000
Total	3,357,000

In addition, the Company has Mexican non-capital losses carried forward of approximately \$2,605,000 expiring at various dates over the next seven years, available to offset future Mexican-source income.

The Company has resource pools of approximately \$10,230,000 to offset future taxable income. The tax benefit of these amounts is available to be carried forward indefinitely.

## 14. Differences between Canadian and United States generally accepted accounting principles

The Company prepares its financial statements in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"), which differ in certain respects from those principles that the Company would have followed had its financial statements been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). The major differences between Canadian and US GAAP, which affect the Company's financial statements, are described below, and their effect on the financial statements is summarized as follows:

### (a) Consolidated Statements of Loss and Deficit and Balance Sheets

	Years ended March 31,		
	2008	2007	2006
<b>Loss in accordance with Canadian GAAP</b>	\$ (3,026,778)	\$ (663,350)	\$ (891,264)
Deduct:			
Net exploration expenditures for the period (i)	(2,364,251)	(2,215,541)	(484,936)
Add:			
Deferred exploration costs written off during the year that would have been incurred and expensed in a prior period (i)	1,476,499	--	--
<b>Loss in accordance with US GAAP</b>	(3,914,530)	(2,878,891)	(1,376,200)
Comprehensive income (loss)	(9,539)	(2,380)	3,520
<b>Comprehensive loss under US GAAP</b>	\$ (3,924,069)	\$ (2,881,271)	\$ (1,372,680)
<b>Loss per share US GAAP</b>	\$ (0.08)	\$ (0.07)	\$ (0.04)
<b>Comprehensive loss under US GAAP</b>	\$ (0.08)	\$ (0.08)	\$ (0.04)
<b>Weighted average shares outstanding US GAAP</b>	47,872,669	38,395,299	32,188,964

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 14. Differences between Canadian and United States generally accepted accounting principles (continued)

	Years ended March 31,		
	2008	2007	2006
<b>Shareholders' equity per Canadian GAAP</b>	\$ 3,982,266	\$ 4,054,095	\$ 1,394,448
Exploration expenditures for the period, net of write-downs (i)			
2008	(887,752)	--	--
2007	(2,215,541)	(2,215,541)	--
2006	(484,936)	(484,936)	(484,936)
2005	881,238	881,238	881,238
2004	(704,555)	(704,555)	(704,555)
2003	673,609	673,609	673,609
2002	(94,807)	(94,807)	(94,807)
2001	(169,544)	(169,544)	(169,544)
2000	(3,958)	(3,958)	(3,958)
1999	(692,752)	(692,752)	(692,752)
1998	(209,152)	(209,152)	(209,152)
1997	(1,297)	(1,297)	(1,297)
	(3,909,447)	1,032,400	588,294
Cumulative effect of comprehensive income adjustments (iii)	(6,937)	2,602	(7,208)
<b>Shareholders' equity (deficiency) - US GAAP</b>	\$ (3,916,384)	\$ 1,035,002	\$ 581,086

### (a) Consolidated Statements of Loss and Deficit and Balance Sheets (continued)

	Years ended March 31,		
	2008	2007	2006
<b>Mineral Property Interests – Canadian GAAP</b>	\$ 4,765,477	\$ 3,837,781	\$ 1,323,978
Exploration expenditures expensed per US GAAP(i)	(3,909,447)	(3,021,695)	(806,154)
<b>Mineral Property Interests – US GAAP</b>	\$ 856,030	\$ 816,086	\$ 517,824

- iv) Under Canadian GAAP, exploration expenses may be deferred until such time as the exploration work is either effectively abandoned and related costs are written off or the property reaches a development stage. Development costs may also be deferred until such time as further related costs are written off or an operating mine is established following which accumulated costs are amortized to earnings. Under US GAAP, and under Securities and Exchange Commission guidelines, all exploration expenses incurred prior to the determination of the existence of a commercially mineable deposit and the completion of a feasibility study should be recorded as expenses as they are incurred. At this stage, the Company has not yet identified economically recoverable reserves on any of its properties. Accordingly, under US GAAP, all exploration costs incurred during the year are to be expensed.
- v) Statement of Financial Accounting Standard (“SFAS”) No. 115 requires investments to be classified with respect to holding period, as determined by management, as either held-to-maturity debt securities, trading securities or available-for-sale investments.

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 14. Differences between Canadian and United States generally accepted accounting principles (continued)

The Company has no held-to-maturity debt securities or trading securities.

- vi) United States accounting standards for reporting comprehensive income are set forth in SFAS No. 130. Comprehensive income represents the change in equity during a reporting period from transactions and other events and circumstances from non-owner sources. Components of comprehensive income include available for sale investments that are not actively traded on short-term differences in price. For US GAAP purposes, these holding gains and losses are reported as a separate component of shareholders' equity until realized.

For Canadian GAAP purposes, the Company adopted CICA Handbook Section 3855, "financial instruments – recognition and measurement", and Section 1530, "comprehensive income", during the year ended March 31, 2008. The transitional provision requires re-measurement of its assets and liabilities classified as available-for-sale, with no adjustment to other comprehensive income at the beginning of the fiscal year. Amounts previously recognized in income due to a write-down to record the investment at the lower of cost or market do not get reclassified out of deficit and into other comprehensive income, resulting in a temporal difference with US GAAP. This difference will be eliminated once the securities are sold.

### (b) Statements of Cash Flows

	Years ended March 31,		
	2008	2007	2006
<b>Cash provided by (used for) operations</b>			
Canadian GAAP	\$ (932,998)	\$ (713,341)	\$ (462,981)
Exploration expenditures (i)	(2,234,579)	(1,850,109)	(471,547)
US GAAP	(3,167,577)	(2,563,450)	(934,528)
<b>Investing Activities</b>			
Canadian GAAP	(2,505,703)	(2,111,078)	(533,478)
Exploration expenditures (i)	2,234,579	1,850,109	471,547
US GAAP	(271,124)	(260,969)	(61,931)
<b>Financing Activities</b>			
Canadian GAAP and US GAAP	\$ 3,249,509	\$ 2,628,090	\$ 1,302,190

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 14. Differences between Canadian and United States generally accepted accounting principles (continued)

Differences between Canadian and US GAAP, as they may affect the Company's consolidated financial statements are as follows:

### (a) Flow-through shares

Subsequent to March 31, 2008, the Company issued by way of private placement 1,010,800 flow-through common shares at \$0.25 per share, for gross proceeds of \$252,700. The gross proceeds of this placement are considered to be restricted cash for US GAAP purposes, as these funds are to be expended on exploration in Canada in order to satisfy the requirements of the renouncement to the investors. These funds must be expended by December 31, 2009. As described in note 2(m) to the consolidated financial statements, on issuance of flow-through shares, the entire proceeds of the issuance are recorded as share capital. The Company subsequently records a future income tax liability, and a reduction in share capital, on the date that the Company files the renouncement documents with the tax authorities. The Company received a net premium to market on this issuance of \$55,594, which was recorded in share capital as part of the transaction. For US GAAP purposes, SFAS 109 *Accounting for Income Taxes* ("SFAS 109") indicates that the proceeds of flow-through share offerings should be allocated between the offering of the shares and the sale of tax benefits when the shares are offered. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the flow-through shares. A liability is initially recognized for any premium paid by the investors.

Upon renouncing the income tax deductions the Company will record a future income tax liability, estimated to be approximately \$65,702, and a corresponding reduction of share capital in respect of the flow-through share financing for Canadian GAAP purposes. Under US GAAP, the difference between the future income tax liability on renunciation and the premium is recorded as a future income tax expense. Under both Canadian and US GAAP, recognition of the liability results in a reduction of previously applied valuation allowance and a corresponding future tax recovery in the consolidated statements of operations. This will result in a US GAAP adjustment of \$10,108 representing the difference between the recovery under Canadian GAAP and the net premium to market on issuance which will be recorded in the year ended March 31, 2009, under US GAAP and allocated to deferred taxes when the flow-through shares at the time of issuance.

### (b) Impact of recent applicable United States accounting pronouncements and current differences in accounting principles

#### *Share purchase warrants*

The Securities and Exchange Commission ("SEC") and the Financial Accounting Standards Board ("FASB") have expressed views for US GAAP that suggest warrants with an exercise price denominated in a currency that is different from the entity's functional currency cannot be classified as equity. As a result, these instruments would be treated as derivatives and recorded as liabilities carried at their fair value, with changes in the fair value from period to period recorded as a gain or loss in the statement of operations. The Company's functional currency is the Canadian dollar and it has issued and outstanding warrants that have an exercise price that is denominated in Canadian dollars, so the Company has no difference under SFAS No. 133.

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 14. Differences between Canadian and United States generally accepted accounting principles (continued)

### *Share purchase warrants (continued)*

The recent SEC and FASB interpretations relate to SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and Emerging Issue Task Force (“EITF”) 00-19 - *Accounting for Derivative Financial Instruments Indexed to and Potentially Settled in a Company’s Own Stock*. The EITF has initiated a project to determine the accounting treatment for certain equity instruments with elements of foreign currency risk.

In August 2007, the EITF issued No. 07-05, Issue Summary No.1 “*Determining Whether an Instrument (or an Embedded Feature) is Indexed to an Entity’s Own Stock*”. The issue summary discusses the merits of various accounting treatments related to this issue but does not provide any definitive guidance. The EITF considers Issue 07-5 an open issue subject to further discussion and meetings. Issued and outstanding warrants continue to be classified in shareholders’ equity at their historical issue price. Upon the issuance of authoritative guidance from the EITF project the Company will assess the impact this may have on the consolidated financial statements for US GAAP and record an adjustment in accordance with the guidance provided.

### *Stock Options*

On December 21, 2007, the US Securities and Exchange Commission issued Staff Accounting Bulletin No. 110 (“SAB 110”). SAB 110 provides guidance to issuers on the method allowed in developing estimates of expected term of “plain vanilla” share purchase options in accordance with SFAS No. 123R – “*Share-Based Payments*”. The staff will continue to accept, under certain circumstances, the use of a simplified method beyond December 31, 2007, which amends question 6 of Section D.2 as included in SAB 107, “*Valuation of Share-based Payment Arrangements for Public Companies*”, which stated that the simplified method could not be used beyond December 31, 2007. SAB 110 is effective January 1, 2008. Management is currently evaluating the potential impact, if any, that the adoption of SAB 110 will have on its financial statements.

### *Accounting for Uncertainty in Tax Positions.*

In June 2006, the FASB issued FIN No. 48 *Accounting for Uncertainty in Tax Position, an Interpretation of FASB Statement No. 109* (“FIN 48”). FIN 48 addresses the recognition and measurement of all tax positions. The recognition process involves determining whether it is more likely than not that a tax position would be sustained on audit based solely on its technical merits. The amount of benefit recognized in the financial statements is the maximum amount which is more likely than not to be realized based on a cumulative probability approach. FIN 48 was effective for the Company on April 1, 2007, and did not have an impact on the Company’s reported results.

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 14. Differences between Canadian and United States generally accepted accounting principles (continued)

### *Fair Value Measurements*

In September 2006, FASB issued *SFAS No. 157 "Fair Value Measurements"* ("*SFAS No.157*"), effective for periods beginning after November 15, 2007. *SFAS No. 157* defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. In December 2007, FASB issued *SFAS 157-b*, which provided for a one-year deferral of the implementation of *SFAS No. 157* for non financial assets and liabilities. However, *SFAS No.157* is still required to be adopted effective April 1, 2008, for financial assets and liabilities that are carried at fair value. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

In February 2007, FASB issued FASB Statement No. 159, *The Fair Value for Financial Assets and Financial Liabilities* including an amendment of FASB No. 115, which provides an option to elect to treat certain financial assets and liabilities on a fair value basis. This standard is effective for the Company's March 31, 2009, financial statements. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

### *Business Combinations*

In December 2007, FASB issued *SFAS 141(R) "Business Combinations"* and *SFAS 160 "Non-controlling Interest in Consolidated Financial Statements"* which are both effective for fiscal years beginning after December 15, 2008. *SFAS 141(R)* which will replace FAS 141 is applicable to business combinations consummated after the effective date of December 15, 2008. *SFAS 141(R)* replaces *SFAS 141, Business Combinations* and applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (the acquire), including those sometimes referred to as "true mergers" or "mergers of equals" and combinations achieved without the transfer of consideration. This statement establishes principles and requirements for how the acquirer: (a) recognizes and measures in its financial statements the identifiable assets acquire, the liabilities assumed and any non-controlling interest in the acquiree; (b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This statement will be effective for fiscal years and interim periods within those fiscal years beginning on or after December 15, 2008, or the Company's fiscal year beginning April 1, 2009. Earlier adoption is prohibited. The Company is currently unable to determine what impact the future application of this pronouncement may have on its consolidated financial statements.

### *Non-Controlling Interests*

In December 2007, the FASB issued *SFAS 160 "Non-controlling Interests in Consolidated Financial Statements"*, a standard on accounting for non-controlling interests and transactions with non-controlling interest holders in consolidated financial statements. This statement specifies that non-controlling interests are to be treated as a separate component on equity, not as a liability or other item outside of equity. Because non-controlling interests are an element of equity, increases and decreases in the parent company's ownership interest that leave control intact are accounted for as capital transactions rather than as a step acquisition or dilution of gains and losses. The carrying amount of non-controlling interests is adjusted to reflect the change in ownership interests, and any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity attributable to the controlling interest.

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 14. Differences between Canadian and United States generally accepted accounting principles (continued)

### *Non-Controlling Interests (continued)*

This standard requires net income and comprehensive income to be displayed for both the controlling and non-controlling interests. Additional required disclosures and reconciliations include a separate schedule that shows the effects of any transactions with the non-controlling interests on the equity attributable to the controlling interest.

The statement is effective for periods beginning on or after December 15, 2008, in the Company's fiscal year beginning April 1, 2009. SFAS 160 will be applied prospectively to all non-controlling interests, including those that arose before the effective date.

The Company does not believe the adoption of SFAS 160 will impact its consolidated financial statements for US GAAP.



# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 15. Mineral property interests

Year ended March 31, 2008	Casierra Property, Sierra Leone	Kaslo Silver Property, British Columbia	Goldsmith and Other Properties, British Columbia	Manitoba Properties, Manitoba	Nuevo Milenio Property, Mexico	Total March 31, 2008
<b>Acquisition costs</b>						
Balance, beginning of year	\$ 199,241	\$ 9,520	\$ 519,773	\$ 87,552	\$ --	\$ 816,086
Incurred during the year	23,825	817	49,024	76,019	--	149,685
Write-downs during year	(109,741)	--	--	--	-	(109,741)
Balance, end of year	113,325	10,337	568,797	163,571	--	856,030
<b>Exploration and development costs</b>						
Incurred during the year						
Assays and analysis	1,630	--	5,835	1,338	16,889	25,692
Community relations	1,582	--	--	--	--	1,582
Dredging and bulk sampling	209,233	--	--	--	--	209,233
Drilling	--	--	--	120,470	391,483	511,953
Geological and geophysical	98,871	1,064	4,069	17,485	149,596	271,085
Site activities	698,330	135	2,186	3,304	133,778	837,733
Stock-based compensation	107,225	--	--	--	60,751	167,976
Travel and accommodation	236,037	--	3,470	69,432	31,753	340,692
Trenching	--	--	11,105	--	--	11,105
	1,352,908	1,199	26,665	212,029	784,250	2,377,051
Government assistance	--	--	--	(12,800)	--	(12,800)
Write-downs during the year	(1,476,499)	--	--	--	--	(1,476,499)
Balance, beginning of year	1,531,782	150,563	220,266	41,368	1,077,716	3,021,695
Balance, end of year	1,408,191	151,762	246,931	240,597	1,861,966	3,909,447
<b>Total Mineral Property Interests</b>	\$ 1,521,516	\$ 162,099	\$ 815,728	\$ 404,168	\$ 1,861,966	\$ 4,765,477

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2008, 2007 and 2006

(expressed in Canadian dollars)

## 15. Mineral property interests (continued)

Year ended March 31, 2007	Casierra Property, Sierra Leone	Kaslo Silver Property, British Columbia	Goldsmith and Other Properties, British Columbia	Manitoba Properties, Manitoba	Nuevo Milenio Property, Mexico	Total March 31, 2007
<b>Acquisition costs</b>						
Balance, beginning of year	\$ 100,241	\$ 5,806	\$ 374,753	\$ 37,024	\$ --	\$ 517,824
Incurred during the year	99,000	3,714	145,020	50,528	--	298,262
Balance, end of year	199,241	9,520	519,773	87,552	--	816,086
<b>Exploration and development costs</b>						
Incurred during the year						
Assays and analysis	3,409	--	10,050	--	13,348	26,807
Community relations	41,327	--	--	--	--	41,327
Dredging and bulk sampling	464,781	--	--	--	--	464,781
Drilling	--	--	--	--	591,172	591,172
Geological and geophysical	181,500	97,809	28,941	133	152,119	460,502
Site activities	173,102	165	807	29,924	135,820	339,818
Stock-based compensation	--	--	--	--	33,153	33,153
Travel and accommodation	202,723	470	9,882	--	44,906	257,981
Balance, beginning of year	1,066,842	98,444	49,680	30,057	970,518	2,215,541
Balance, end of year	1,531,782	150,563	220,266	41,368	1,077,716	3,021,695
<b>Total Mineral Property Interests</b>	<b>\$ 1,731,023</b>	<b>\$ 160,083</b>	<b>\$ 740,039</b>	<b>\$ 128,920</b>	<b>\$ 1,077,716</b>	<b>\$ 3,837,781</b>

# CREAM MINERALS LTD.

(an exploration stage company)

Notes to the Consolidated Financial Statements

For the years ended March 31, 2006, 2005 and 2004

(expressed in Canadian dollars)

## 16. Comparative figures

Where necessary, certain comparative figures have been reclassified in order to conform to the current year's financial statement presentation.

## 17. Subsequent events

Subsequent to March 31, 2008:

- (a) The Company completed a private placement financing consisting of 1,658,635 non flow-through units ("NFT Unit) at a price of \$0.22 per NFT Unit, each NFT Unit consisting of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company for a period of 12 months from closing at an exercise price of \$0.25. Compensation of 91,000 finder's units was issued and payment of a finder's fee of \$2,912 was made with respect to this financing. Each finder's unit consists of one common share and one non-transferable share purchase warrant. Each finder's unit warrant will entitle the holder, on exercise, to purchase one additional common share of the Company for a period of 12 months following the date of issue of the finder's unit at an exercise price of \$0.25.

In addition, 1,010,800 flow-through units ("FT Unit") were issued at a price of \$0.25 per FT Unit. Each FT Unit was comprised of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company for a period of 12 months from closing at an exercise price of \$0.28. Compensation of 81,080 finder's units was issued and a payment of a finder's fee of \$3,088 was made with respect to this financing. Each finder's unit consists of one common share and one non-transferable share purchase warrant. Each finder's unit warrant will entitle the holder, on exercise, to purchase one additional common share of the Company for a period of 12 months following the date of issue of the Finder's Unit at an exercise price of \$0.28.

If the Company shares trade at or above \$0.40 per share for 10 consecutive trading days, the Company may, at its discretion, accelerate the expiration of the Warrants and Finder's Unit Warrants by providing notice in writing to the holders of such securities, whereby the Warrants and Finder's Unit Warrants will expire within 30 days from the date of such written notice.

- (b) The Company paid cash of \$40,000 and issued 50,000 common shares on the Wine Claims in Manitoba, pursuant to the option agreement described in note 5(d)(ii), and made cash payments of \$20,000 on each of the Goldsmith and Lucky Jack claims in British Columbia, pursuant to the option agreement described in note 5(c).

**SIGNATURES**

Cream Minerals Ltd. certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**CREAM MINERALS LTD.**

Per:

/s/ Frank A. Lang\_\_\_\_\_

Frank A. Lang, President

DATED:           September 29, 2008

## Index to Exhibits

The following exhibits are filed with this Annual Report on Form 20-F in respect of the current year:

Exhibit Number	Description
1.1*	Certified Copies of Transition Application and Notice of Articles and Notice of Articles - post transition
2.1	2008 Stock Option Plan (10% Rolling), as Approved by Shareholders on September 19, 2008
4.1*	Option to Purchase Diamond Exploration Licences EPL.1/94 and EPL.5/94 in Sierra Leone
6.1	Calculation of earnings per share – N/A
7.1	Explanation of calculation of ratios – N/A
8.1	List of Subsidiaries
11.1*	Code of ethics
12.1	Certification pursuant to Rule 13a-14(A)/15d-14(a) of Chief Executive Officer
12.2	Certification pursuant to Rule 13a-14(A)/15d-14(a) of Chief Financial Officer
13.1	Certification pursuant to 18 U.S.C. Section 1350 of Chief Executive Officer
13.2	Certification pursuant to 18 U.S.C. Section 1350 of Chief Financial Officer
A	A technical report titled, “Geological Report on the Dos Hornos and Once Bocas Gold Silver Structure, Nuevo Milenio Project, Municipality of Xalisco, Tepic Area, Nayarit State, Mexico Latitude: 21°21’35” North, Longitude: 104°46’53” West”, dated February 16, 2006.
B**	A Technical Report on the Casierra alluvial diamond properties EPL 1/94 (Hima prospecting license area) and EPL 5/94 in Sierra Leone, West Africa, dated November 15, 2005, as amended January 18, 2006.
C***	A technical report titled, “Evaluation Report, Dos Hornor and Veta Tomas, Gold Silver Structures, Nuevo Milenio Project, Municipality of Xalisco, Tepic Area, Nayarit State, Mexico Latitude: 21°21’35” North, Longitude 104°46’53” West”, dated January 30, 2008.

\*These exhibits have been filed with the Company’s registration statement on Form 20-F and are incorporated by reference.

\*\*Previously filed via Form 6-K on EDGAR under Accession Number 0001137171-05-002324 on December 9, 2005, subsequently amended and filed via Form 6-K on EDGAR under Accession Number 0001137171-06-000254 on February 6, 2006.

\*\*\*Previously filed via Form 6-K on EDGAR under Accession Number 0001137171-08-000226 on March 12, 2008