



(a development stage company)

Second Quarter Report

June 30, 2008

Date

The following discussion is management's assessment and analysis of the results of operations and financial conditions ("MD&A") of Crescent Resources Corp. (the "Company" or "Crescent") and should be read in conjunction with the accompanying unaudited interim consolidated financial statements and related notes thereto for the three and six months ended June 30, 2008 and the most recent audited consolidated annual financial statements for the year ended December 31, 2007 which are also available at the SEDAR website at www.sedar.com.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with Canadian generally accepted accounting principles and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this report is August 25, 2008.

Overview

Crescent is a mineral exploration company with a defined growth strategy of adding value through discovery and rapid project advancement through exploration.

The Company's stock trades on Tier 2 of the TSX Venture Exchange under the trading symbol "CRC".

Activities in the six months ended June 30, 2008 and up to the date of this report include:

Matupa Gold Project, Brazil

Crescent has compiled all historical data and is building a three dimensional model to gain a better understanding of the geometry of the gold mineralized zone of the Matupá Gold Project which will assist in the planning of the next phase drilling program. A 3,000 metre diamond drill program has been designed to follow up on previous drilling by Crescent and Western Mining and Rio Tinto. The Matupá Gold Project covers 6,000 hectares and is located in northern Mato Grosso State, Brazil in the northeast part of the Peixoto de Azevedo gold district. The property enjoys excellent infrastructure and year round operating conditions.

Carnarvon Basin Project, Australia

On July 29, 2008 Crescent signed a letter agreement (the "Letter Agreement") with Australian Potash Company Pty Ltd. ("APC") and its shareholders to acquire up to a 100% direct and indirect interest in 12 exploration licenses known as the Carnarvon Basin Project. The Carnarvon Basin Project covers approximately 4,280 square kilometres of prospective potash horizons in an extensive evaporite basin known as the Southern Carnarvon Basin in Western Australia. Previous drilling, consisting of three widely spaced oil and gas wells over a distance of 25 kilometres, has indicated the potential for significant potash and other sodium and magnesium salts.

Carnarvon Basin Project Highlights:

- Three widely spaced drill wells drilled in the late 1960's intercepted significant intervals of salt layers some of which hosted potash beds:
 - Yaringa No.1 - combined 38 metres thick from 1,198 m. to 1,268 m.
 - Hamelin Pool No. 1 - combined 17.7 metres thick from 1,234 m. to 1,295 m.
 - Hamelin Pool No. 2 - combined 5.2 metres thick from 1,140 m to 1,177 m.

- The three wells span a distance of 25 kilometres. Due to the indicated lateral continuity and the enclosing beds intercepted within these wells, the potential for a significant potash deposit exists. Regional gravity data indicates that the evaporitic horizons may have developed in a sub-basin exceeding fifty kilometres in length and suggest that the sub-basin is nested within the much larger, but locally complex Southern Carnarvon Basin.
- In 1968, based on the results from the first of these wells, Yaringa No. 1, Continental Oil commissioned Hazen Research to undertake a series of potash recovery feasibility tests using solar evaporation of a brine estimated to contain 5.3% potassium chloride (KCL), which is a substantially higher grade than that at some profitable mines operating in other parts of the world.
- The project is ideally situated on the coast of Western Australia, adjacent to the major North West Coastal Highway which can be used to access several port facilities in the region.
- Australia currently imports 100% of their potash requirements resulting in a strong demand and need for a domestic potash supply. In addition, the project's location on the west coast is ideal for export to the Asian markets.

This is a very significant project for Crescent with many positive features including historical work verifying the presence of potash and an excellent environment for potash exploration as well as world-class location and infrastructure. In addition, the potash market remains extremely strong.

Terms of the Letter Agreement

Under the terms of the Letter Agreement, and an underlying option agreement which APC has with property owner West Coast Potash ("WCP") and its shareholder, Crescent has the right to acquire a 100% direct and indirect interest in the Carnarvon Basin Project, subject to a 2% gross overriding royalty. Subject to regulatory approval, Crescent must make the following payments and issue an aggregate of 30,000,000 common shares to APC (collectively, the "Option Payments") to maintain its rights, provided Crescent is satisfied with its 45 day due diligence review:

- (a) issue to APC 7,500,000 common shares of Crescent within five business days of the date of approval (the "Approval Date") by the TSXV of the transaction
- (b) issue to APC an additional 7,500,000 common shares of Crescent on or before the first anniversary of the Approval Date
- (c) issue to APC an additional 15,000,000 common shares of Crescent on or before the date which is two and one-half years after the Approval Date
- (d) reimburse \$275,000 of payments made by APC prior to the Approval Date pursuant to the underlying option agreement between APC and WCP within 30 days of the Approval Date and make all further payments, carry out all further work expenditures and fulfill all further obligations of APC under the agreement between APC and WCP. These underlying payments in Canadian dollars are summarized as follows:
 - APC can earn an 80% interest in the WCP licenses by spending a cumulative \$7,000,000 on exploration and development over a three year period commencing July 15, 2008;
 - APC can acquire an additional 20% interest (total of 100%) by completing a bankable feasibility study and paying WCP's shareholder the fair value of the additional 20% as determined by an independent engineering evaluation;
 - Additional option payments by APC to WCP are as follows:
 - \$500,000 by August 31, 2008
 - Six semi-annual payments of \$400,000 beginning on January 15, 2009 until a total of \$2,400,000 has been paid by July 15, 2011

- (e) At the election of Crescent, 50% of the \$2,400,000 payments may be made in common shares of Crescent
- (f) Nominees of APC will have the right but not the obligation to purchase up to 40% of any equity financings by Crescent
- (g) On closing, APC may appoint up to two board members to Crescent's board of directors

Property investigations

Robert A. Lunceford, a consulting geologist, was retained to assist the Company in reviewing projects for potential acquisition, to generate additional projects for review and to assist in planning exploration and a possible drill program at the Matupa Gold Project. Mr. Lunceford's focus for new projects will be on precious metals projects in the Americas and agribusiness projects worldwide. Mr. Lunceford is currently in Australia conducting a technical due diligence of the Carnarvon Basin Project.

Mr. Lunceford is a Certified Professional Geologist with the American Institute of Professional Geologists (AIPG) and is a Qualified Person under the TSE rules. He holds a Bachelor of Science Degree in Geology from San Diego State University (1971), and a Master of Science Degree in Geology from Montana State University (1976). He has over 30 years of wide-ranging experience. Between 1987 and 2000 he was employed by Teck Corporation, most recently as Regional Manager. Responsibilities during this period included supervision of professional and technical personnel engaged in exploration for precious and base metals in the western US and northern Mexico. Mr. Lunceford's responsibilities also included numerous early and advanced-stage evaluations of precious, base metals, and industrial minerals projects within the US, Central, and South America. Generative programs under Mr. Lunceford's responsibility led to early-stage (pre-drilling) identification and recommendations for acquisition of 7-Up Pete in Montana (+8.0 million ounces of gold), and El Sauzal in Mexico (+2.0 million ounces of gold). He was also directly responsible for discovery of an 850,000 ounce gold resource in Mexico (Tepalcatepec). Since August 2006 Mr. Lunceford has been engaged as a consulting geologist for project management, reconnaissance, and NI 43-101 reports for precious and base metals, and uranium in Mexico, Peru, Nevada, and Paraguay.

Oviedo project, Paraguay

The Company has written off the carrying value of the Oviedo Uranium Project in Paraguay in its financial statements for the six months ended June 30, 2008.

The Company's efforts to negotiate improved terms with the underlying owner and operator of the Oviedo project have been unsuccessful to date and this, combined with generally poor market conditions regarding uranium exploration, led to this decision. The Company would have had to raise additional equity funding to finance continued exploration and the relatively high holding costs of this project and the Board of Directors has chosen to focus the Company's efforts elsewhere.

The Company drilled 29 holes in a small area of the property in 2007 and 2008 and the results demonstrated widespread horizons of uranium-rich sandstone possibly amenable to in-situ recovery methods.

Qualified Person

All data, as disclosed in this MD&A have been verified by the Company's Qualified Person, Michael Hopley, President and Chief Executive Officer.

Results of Operations

Results of Operations for the three and six months ended June 30, 2008 and 2007

The Company incurred a loss for the three and six months ended June 30, 2008 of \$5,062,289 (2007: \$447,662) after reflecting interest income in both periods.

Total expenses for the six months ended June 30, 2008 amounted to \$300,384 (2007: \$493,615).

The more significant differences in comparing the two periods include:

Consulting fees:	\$195,002 (2007: \$125,628) increase of \$69,374 Consulting fees for the six month period ending June 30, 2008 increased due to the hiring of a new Vice President and also an increase in fees paid to consultants.
Professional fees:	\$44,753 (2007: \$5,501) increase of \$39,252 Legal fees for the six month period ending June 30, 2008 increased due the Company's amendments to property agreements and a review of potential properties for acquisition.
Shareholder relations:	\$9,287 (2007: \$49,976) decrease of \$40,689 Shareholder relations for the six month period ending June 30, 2007 included a charge of \$39,060 fees for Kodiak International Inc. for public relations for the Company in Europe. The Kodiak contract was not renewed. The remainder of the expenses was the cost to disseminate press releases and the cost of presentation material for use at investor conferences.
Stock-based compensation:	\$9,774 (2007: \$214,979) decrease of \$205,205 The fair value of 200,000 stock options granted in the first quarter ending March 31, 2008 was \$29,321 of which \$9,774 was recognized in the net loss and \$19,547 was capitalized to mineral interests as were the corresponding consulting fees for the optionee.
Write-down of mineral interest and exploration expense:	\$4,769,245 (2007: \$nil) increase of \$4,769,245 The Company's efforts to negotiate improved terms with the underlying owner and operator of the Oviedo project have been unsuccessful to date and this, combined with generally poor market conditions regarding uranium exploration, led to this decision. The Company would have had to raise additional equity funding to finance continued exploration and the relatively high holding costs of this project and the Board of Directors has chosen to focus the Company's efforts elsewhere.

Summary of Quarterly Results

	June 30 2008	Mar 31 2008	Dec 31 2007	Sept 30 2007	June 30 2007	Mar 31 2007	Dec 31 2006	Sept 30 2006
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Crescent Resources Corp.
Six months ended June 30, 2008
Management's Discussion and Analysis

Form 51-102F1

Loss for period	(4,937,999)	(124,290)	(697,211)	(249,293)	(124,965)	(322,697)	(118,899)	(122,168)
Basic and diluted loss per share	(0.01)	(0.00)	(0.03)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)

The Company is an exploration company. At this time any issues of seasonality or market fluctuations have no impact. The Company currently defers its mineral interest acquisition and exploration costs. The Company expenses its project investigation and general and administration costs and these amounts are included in the loss for each quarter. The Company's treasury determines the levels of exploration.

Liquidity

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. There can be no assurance of continued access to any equity funding.

The Company began the 2008 year with cash of \$877,990. Cash inflows for the period included the remaining net proceeds of \$232,665 from a non-brokered private placement that closed on January 14, 2008. Cash expended on operations in the period, net of working capital changes was \$419,808. The Company incurred \$115,935 cash costs net of prepayments to contractors on deferred exploration of its mineral properties. The Company ended at June 30, 2008 with cash of \$574,912.

The Company has two active mineral properties and as it conducts exploration work programs it intends to raise additional equity funds for those expenditures.

There can be no assurance, however, that such financing will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs until the Company acquires an operating business or achieves positive cash flow. If the Company is unable to obtain the financing necessary to support its operations, it may be unable to continue as a going concern. The Company currently has no commitments for any credit facilities such as revolving credit agreements or lines of credit that could provide additional working capital. The Company has no long term debt, capital lease obligations, operating leases or any other long term obligations.

Capital Resources

On January 14, 2008 the Company completed a non-brokered private placement financing consisting of 3,758,000 units sold at a price of \$0.25 per unit for gross proceeds of \$939,500 for which the Company had received share subscriptions of \$677,000 as at December 31, 2007. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.35 per share until January 13, 2010. The Company issued 52,500 units to finders in connection with this financing on the same terms as the private placement and paid \$24,375 cash. The Company recorded a deferred cost consisting of \$1,365 listing fees for the first issue of shares at December 31, 2007 that was charged to share issuance cost on January 14, 2008 when the shares were issued.

The Company has outstanding share purchase warrants and stock options that if exercised will provide additional cash.

The Company's commitments for material capital expenditures as of June 30, 2008 relating to the Company's mineral properties are described in Note 5 of the Financial Statements.

As at the date of this MD&A, other than as described herein and in the Financial Statements the Company has no other arrangement for sources of financing.

Transactions with Related Parties

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
	\$	\$	\$	\$
i) consulting fees to an officer and director	24,000	24,000	48,000	48,000
ii) consulting fees for public relations to an officer and director	24,000	24,000	48,000	48,000
iii) fees for corporate and financial compliance services to an officer	16,500	15,000	31,500	24,000
iv) shared office costs to a company managed by common directors and officers	15,055	13,750	29,973	24,196

Included in accounts payable and accrued liabilities are amounts owed to related parties at June 30, 2008 of \$80 (June 30, 2007: \$382) which were paid shortly after June 30.

All of the above noted transactions have been in the normal course of operations and, in management's opinion, undertaken with the same terms and conditions as transactions with unrelated parties.

Disclosure of Outstanding Share Data

The Company's has unlimited authorized common shares and issued and outstanding share capital at the date of this MD&A is:

	Common Shares Issued and Outstanding	Common Share Purchase Warrants	Common Share Purchase Options
Balance June 30, 2008 and August 25, 2008	30,666,097	1,905,250	2,870,000

Additional Disclosure for Venture Issuers without Significant Revenue

The components of deferred exploration costs are described in Note 5 to the financial statements for the six months ended June 30, 2008.

Changes in Accounting Policy and Presentation

On January 1, 2008, the Company adopted the following provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

(a) Section 3862 – Financial Instruments – Disclosures, which replaces Section 3861 and provides expanded disclosure requirements that provide additional detail by financial asset and liability categories (see Note 3 of the Financial Statements).

(b) Section 3863 – Financial Instruments – Presentation, to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows (see Note 3 of the Financial Statements).

(c) Section 1535 – Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed (see Note 8 of the Financial Statements). Under this standard, the Company will be required to disclose the following:

- qualitative information about its objectives, policies and processes for managing capital;
- summary quantitative data about what it manages as capital;
- whether during the period it complied with any externally imposed capital requirement to which it is subject; and
- when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

(d) Section 1400 – General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity's ability to continue as a going concern (see Note 1 of the Financial Statements).

Forward-Looking Statements

This discussion includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address future exploration activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, and continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual result or developments may differ materially from those projected in the forward-looking statements.

Risks

Mineral exploration is subject to a high degree of risk, which a combination of experience, knowledge, and careful evaluation may fail to overcome. Exploration activities seldom result in the discovery of a commercially viable mineral resource. Exploration activities are also expensive. The Company will therefore require additional financing to carry on its business and such financing may not be available when it is needed.

Disclosure and Internal Controls and Procedures

Management is responsible for establishing and maintaining disclosure controls and procedures for the Company. Based on an evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this MD&A, management believes such controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

The Chief Executive Officer and Chief Financial Officer have designed the internal controls over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Management has not identified any material uncorrected weaknesses in internal controls during the course of the preparation of these interim financial statements.

Corporate Governance

Management of the Company is responsible for the preparation and presentation of the financial statements and notes thereto, MD&A and other information contained in this interim report. Additionally, it is Management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's management is held accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the Company. The Directors are responsible for reviewing and approving the annual audited financial statements and MD&A. Responsibility for the review and approval of the Company's unaudited interim consolidated financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, two of whom are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

Other Information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's web site www.crescentresourcescorp.com.



Interim Consolidated Financial Statements
(unaudited and prepared by Management)

June 30, 2008

Notice to Reader

These interim financial statements of Crescent Resources Corp. have been prepared by management and approved by the Audit Committee on behalf of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

CRESCENT RESOURCES CORP.
Interim Consolidated Balance Sheets

	June 30, 2008	December 31, 2007
	(unaudited)	
ASSETS		
Current assets		
Cash	\$ 574,912	\$ 877,990
Other receivable	11,643	24,995
Prepaid expense	2,739	11,216
Advances to contractors	-	302,346
	<u>589,294</u>	1,216,547
Equipment (note 4)	8,802	10,505
Mineral interests (note 5 and 10)	1,568,470	5,789,436
Deferred cost (note 5)	-	1,365
	<u>\$ 2,166,566</u>	<u>\$ 7,017,853</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 32,276	\$ 81,895
SHAREHOLDERS' EQUITY		
Share capital (note 6)	17,290,600	16,382,300
Contributed surplus (note 6)	811,185	781,864
Share subscriptions received in advance (note 6)	-	677,000
Deficit	<u>(15,967,495)</u>	<u>(10,905,206)</u>
	<u>2,134,290</u>	6,935,958
	<u>\$ 2,166,566</u>	<u>\$ 7,017,853</u>

Nature and continuance of operations (note 1)
Subsequent event (notes 5 and 12)
Contingency (note 10)

Approved by the Board of Directors:

“Michael Hopley”
Director

“Ross McDonald”
Director

The accompanying notes form an integral part of these consolidated financial statements

CRESCENT RESOURCES CORP.
Interim Consolidated Statements of Operations, Comprehensive Loss and Deficit
For the three and six months ended June 30, 2008
(unaudited)

<i>For the period ended:</i>	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
General expenses				
Amortization	\$ 763	\$ 242	\$ 1,525	\$ 242
Consulting fees	99,085	62,839	195,002	125,628
Directors fees	3,000	-	5,250	-
Foreign exchange (gain) loss	1,953	50,384	(5,682)	57,631
Office and general	1,600	4,579	7,405	11,354
Professional fees	34,268	2,332	44,753	5,501
Regulatory and filing fees	7,424	7,346	10,218	11,848
Rent	10,829	9,287	21,657	15,768
Shareholder relations	6,511	9,572	9,287	49,976
Stock based compensation	4,887	-	9,774	214,979
Travel	1,195	76	1,195	688
	171,515	146,657	300,384	493,615
Other income				
Interest income	2,761	21,692	7,340	45,953
Exploration expense (note 5)	(87,052)	-	(87,052)	-
Write-down of mineral interests	(4,682,193)	-	(4,682,193)	-
Net loss and comprehensive loss	(4,937,999)	(124,965)	(5,062,289)	(447,662)
Deficit, beginning of period	(11,029,496)	(9,833,737)	(10,905,206)	(9,511,040)
Deficit, end of period	\$ (15,967,495)	\$ (9,958,702)	\$ (15,967,495)	\$ (9,958,702)
Loss per share, basic and diluted	\$ (0.16)	\$ (0.00)	\$ (0.17)	\$ (0.02)
Weighted average number of shares outstanding	30,666,097	25,975,647	30,017,056	25,825,271

The accompanying notes form an integral part of these consolidated financial statements

CRESCENT RESOURCES CORP.
Interim Consolidated Statements of Cash Flows
For the three and six months ended June 30, 2008
(unaudited)

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
<i>For the period ended:</i>				
Cash provided from (used for)				
Operating activities				
Net loss and comprehensive loss	\$ (4,937,999)	\$ (124,965)	\$ (5,062,289)	\$ (447,662)
Amortization	763	242	1,525	242
Stock based compensation	4,887	-	9,774	214,979
Write-down of mineral interests	4,682,193	-	4,682,193	-
	(250,156)	(124,723)	(368,797)	(232,441)
Changes in non-cash working capital				
Accounts receivable	18,584	(4,394)	13,352	4,886
Prepaid expense	3,134	(7,163)	8,477	27,168
Accounts payable and accrued liabilities	(101,252)	15,220	(72,840)	6,212
	(329,690)	(121,060)	(419,808)	(194,175)
Investing activities				
Property and equipment	-	(4,846)	-	(4,846)
Advances to contractors	162,745	(792,658)	302,346	(792,658)
Mineral interests	(26,700)	(1,121,591)	(418,281)	(1,249,468)
	136,045	(1,919,095)	(115,935)	(2,046,972)
Financing activities				
Shares issued for cash	-	-	262,500	-
Share issue costs	-	-	(29,835)	-
Share issuance cost recovery	-	822	-	207
	-	822	232,665	207
Decrease in cash	(193,645)	(2,039,333)	(303,078)	(2,240,940)
Cash, beginning of period	768,557	4,664,072	877,990	4,865,679
Cash, end of period	\$ 574,912	\$ 2,624,739	\$ 574,912	\$ 2,624,739
Supplementary cash flow:				
Shares issued for mineral interest	\$ -	\$ 569,500	\$ -	\$ 592,500
Accounts payable and accrued liabilities included in mineral interests	(2,683)	6,249	23,221	10,499
Amortization included in mineral interests	89	609	178	1,218
Fair value of units issued for finders' fee	-	-	13,125	-
Stock based compensation included in mineral interests	-	-	19,547	19,544

The accompanying notes form an integral part of these consolidated financial statements

CRESCENT RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the three and six months ended June 30, 2008

(Unaudited – prepared by Management)

1. Nature and Continuance of Operations

Crescent Resources Corp. (the “Company”) is in the business of acquiring and exploring mineral properties in Brazil, Paraguay and Canada and has not yet determined whether its properties contain ore reserves that are economically recoverable.

The Company has not generated any revenue since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. As at June 30, 2008, the Company has working capital of \$557,018. The Company does not expect its current capital resources will be sufficient to carry its exploration plans and operations through its current fiscal year. The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company’s interests in the underlying properties, and the attainment of profitable operations.

The Company will periodically have to raise additional funds to continue operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

2. Significant Accounting Policies

These interim consolidated financial statements for the Company have been prepared in accordance with generally accepted accounting principles (“GAAP”) in Canada. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements including the notes thereto for the year ended December 31, 2007 which may be found on www.sedar.com.

Changes in accounting policies

On January 1, 2008, the Company adopted the following provisions of the Canadian Institute of Chartered Accountants (“CICA”) Handbook Sections. There was no material impact on the Company’s financial condition or operating results as a result of the adoption of these new standards:

(a) Section 3862 – Financial Instruments – Disclosures, which replaces Section 3861 and provides expanded disclosure requirements that provide additional detail by financial asset and liability categories (see Note 3).

(b) Section 3863 – Financial Instruments – Presentation, to enhance financial statement users’ understanding of the significance of financial instruments to an entity’s financial position, performance and cash flows (see Note 3).

(c) Section 1535 – Capital Disclosures, which establishes standards for disclosing information about an entity’s capital and how it is managed (see Note 8). Under this standard, the Company will be required to disclose the following:

- qualitative information about its objectives, policies and processes for managing capital;
- summary quantitative data about what it manages as capital;
- whether during the period it complied with any externally imposed capital requirement to which it is subject; and

CRESCENT RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the three and six months ended June 30, 2008

(Unaudited – prepared by Management)

2. Significant Accounting Policies – continued

- when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

(d) Section 1400 – General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity's ability to continue as a going concern (see Note 1).

3. Financial Instruments

All financial instruments are recorded initially at estimated fair value on the balance sheet and classified into one of five categories: held for trading, held to maturity, available for sale, loans and receivables and other liabilities

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, amounts receivable, advances to contractors and accounts payable and accrued liabilities.

The fair values of cash, amounts receivable, advances to contractors and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

The Company's only exposure to credit risk is on its bank accounts. Bank accounts are with a Canadian Schedule 1 bank with a \$20 million counterparty credit limit.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand.

Market Risk

The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

Exchange Risk

As at June 30, 2008 the majority of the Company's cash was held in Canada in Canadian dollars. The Company's significant operations are carried out in Paraguay and Brazil. As a result a portion of the Company's cash, amounts receivable, advances to contractors and accounts payable and accrued liabilities are denominated in United States Dollars, the Paraguayan Guarani and the Brazilian Real and are therefore subject to fluctuation in exchange rates.

CRESCENT RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the three and six months ended June 30, 2008

(Unaudited – prepared by Management)

4. Equipment

	June 30, 2008		December 31, 2007	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 4,846	\$ 1,212	\$ 3,634	\$ 4,119
Field equipment	12,182	7,014	5,168	6,386
	<u>\$ 17,028</u>	<u>\$ 8,226</u>	<u>\$ 8,802</u>	<u>\$ 10,505</u>

5. Mineral Interests

	Acquisition costs	Exploration costs	For the six months ended June 30, 2008	For the six months ended June 30, 2007
Brazil				
Matupa prospect				
Amortization	\$ -	\$ 178	\$ 178	\$ 178
Contracting	-	-	-	479
Field support	-	41	41	(2,329)
Geological consulting	-	(1,955)	(1,955)	1,247
Travel	-	-	-	8,944
	-	(1,736)	(1,736)	8,519
Balance, beginning of period	512,226	1,057,980	1,570,206	1,508,986
Balance, end of period	<u>512,226</u>	<u>1,056,244</u>	<u>1,568,470</u>	<u>1,517,505</u>
Canada				
Boulder Lake prospect				
Acquisition and tenure	-	-	-	109,333
Amortization	-	-	-	1,040
	-	-	-	110,373
Balance, beginning of period	-	-	-	145,533
Balance, end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,906</u>
Paraguay				
Oviedo prospect				
Acquisition and tenure	-	-	-	763,216
Expended cash advances	-	-	-	(19,570)
Camp and field costs	-	20,252	20,252	24,288
Drilling	-	170,609	170,609	-
Geological consulting	-	175,132	175,132	197,792
Ground transport	-	-	-	201
Legal fees	-	35,710	35,710	97,001
Operator fees	-	34,476	34,476	112,629
Permit fees	-	-	-	554,244
Paraguay IVA	-	-	-	290
Travel	-	26,784	26,784	24,246
	-	462,963	462,963	1,754,337
Balance, beginning of period	940,828	3,278,402	4,219,230	157,752
Write-down of mineral interests	(940,828)	(3,741,365)	(4,682,193)	-
Balance, end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,912,089</u>
Mineral Interests				
Change in period	-	461,227	461,227	1,873,229
Balance, beginning of period	1,453,054	4,336,382	5,789,436	1,812,271
Write down of mineral interests	(940,828)	(3,741,365)	(4,682,193)	-
Balance, end of period	<u>\$ 512,226</u>	<u>\$ 1,056,244</u>	<u>\$ 1,568,470</u>	<u>\$ 3,685,500</u>

CRESCENT RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the three and six months ended June 30, 2008

(Unaudited – prepared by Management)

5. Mineral Interests – continued

Matupa gold project, Brazil

Aurora Gold Corporation (“Aurora”) had an option to purchase the Matupa gold project located in northern Mato Grosso State, Brazil by an agreement dated February 14, 2005 with Mineracao Bom Futuro Ltda. (the “Aurora Purchase Agreement”). In 2005, the Company paid Aurora US\$100,000 and issued 355,000 common shares to assume Aurora’s position and assume the obligations of the Aurora Purchase Agreement.

The Company must now complete the following payment schedule to Mineracao Bom Futuro Ltda (the “Vendor”):

			Payment in US dollars
1	on signing	Contract legalized May 5, 2005 (paid)	\$ 20,000
2	four month anniversary	September 5, 2005 (paid)	50,000
3	nine month anniversary	February 5, 2006 (paid)	80,000
4	eighteen month anniversary	November 5, 2006 (as amended and paid)	50,000
5	thirty month anniversary	November 5, 2007 (as amended and paid)	50,000
6	forty-two month anniversary	November 5, 2008	800,000
7	fifty-four month anniversary	November 5, 2009	1,000,000
8	sixty-six month anniversary	November 5, 2010	1,300,000
Total			\$ 3,350,000

The Vendor retained a 2.25% net smelter return royalty and will be entitled to minimum advance royalty payments of US\$240,000 per year beginning in the year following the sixty-sixth month anniversary of the agreement. The Aurora Purchase Agreement can be terminated at any time after a thirty-day notice is given.

Oviedo uranium property, Paraguay

On November 1, 2006, the Company entered into an option agreement (the “Option Agreement”) with Coronel Oviedo Mining Company SA (“Coronel”), a Paraguay corporation, which sets out the terms of an agreement whereby the Company has an option to earn up to a 70% interest in the Oviedo uranium property (the “Property”) in Paraguay.

The Company did not pay US\$250,000 in cash or issue 1,200,000 common shares to Coronel on May 16, 2008 pursuant to the Option Agreement because the Company and Coronel were negotiating amendments to the Option Agreement and it is not known if these negotiations will be successful. Market conditions for uranium and the slow pace of exploration conducted by the Company have made it very unlikely that the Company will conduct additional exploration on the Property in the near term if it were able to negotiate improved agreement terms with Coronel. The Company considers the value of the Property to be impaired due to the uncertainty regarding negotiating improved agreement terms and the Company’s ability to fund ongoing significant exploration on the Property and as a result the Company has written the Property down to \$nil at June 30, 2008.

Exploration expense of \$87,052 relates to advances to contractors net of accounts payable owed to a contractor with common ownership that are not recoverable.

CRESCENT RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the three and six months ended June 30, 2008

(Unaudited – prepared by Management)

5. Mineral Interests – continued

Carnarvon Basin Project, Australia

On July 29, 2008 the Company signed a letter agreement with Australian Potash Company Pty Ltd. (“APC”). Under the terms of the letter agreement, and an underlying option agreement which APC has with property owner West Coast Potash (“WCP”), Crescent has the right to acquire up to a 100% direct and indirect interest, subject to a 2% gross overriding royalty, in 12 licenses known as the Carnarvon Basin Project. The Carnarvon Basin Project is an exploration property covering approximately 4,280 square kilometres in Western Australia. Subject to regulatory approval, Crescent must make the following payments and issue an aggregate of 30,000,000 common shares to APC (collectively, the “Option Payments”) to maintain its rights, provided Crescent is satisfied with its 45 day due diligence review:

- (a) issue to APC 7,500,000 common shares of Crescent within five business days of the date of approval (the “Approval Date”) by the TSXV of the transaction
- (b) issue to APC an additional 7,500,000 common shares of Crescent on or before the first anniversary of the Approval Date
- (c) issue to APC an additional 15,000,000 common shares of Crescent on or before the date which is two and one-half years after the Approval Date
- (d) reimburse \$275,000 of payments made by APC prior to the Approval Date pursuant to the underlying option agreement between APC and WCP within 30 days of the Approval Date and make all further payments, carry out all further work expenditures and fulfill all further obligations of APC under the agreement between APC and WCP. These underlying payments in Canadian dollars are summarized as follows:
 - APC can earn an 80% interest in the WCP licenses by spending a cumulative \$7,000,000 on exploration and development over a three year period commencing July 15, 2008;
 - APC can acquire an additional 20% interest (total of 100%) by completing a bankable feasibility study and paying WCP’s shareholder the fair value of the additional 20% as determined by an independent engineering evaluation;
 - Additional option payments by APC to WCP are as follows:
 - \$500,000 by August 31, 2008
 - Six semi-annual payments of \$400,000 beginning on January 15, 2009 until a total of \$2,400,000 has been paid by July 15, 2011
- (e) At the election of Crescent, 50% of the \$2,400,000 payments may be made in common shares of Crescent

CRESCENT RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the three and six months ended June 30, 2008

(Unaudited – prepared by Management)

6. Share Capital

Authorized: An unlimited number of common shares without par value.

a) Issued and outstanding:

	Shares	Value	Contributed Surplus
Balance at December 31, 2007	26,855,597	\$ 16,382,300	\$ 781,864
Change during period:			
Private placement ⁽¹⁾	3,758,000	939,500	-
Shares and warrants issued for finders' fee ⁽¹⁾	52,500	13,125	-
Stock-based compensation	-	-	29,321
Share issue costs	-	(44,325)	-
Balance at June 30, 2008	30,666,097	\$ 17,290,600	\$ 811,185

(1) On January 14, 2008, the Company completed a non-brokered private placement financing consisting of 3,758,000 units at a price of \$0.25 per unit for gross proceeds of \$939,500 for which the Company had received share subscriptions of \$677,000 as at December 31, 2007. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.35 per share until January 13, 2010. The Company issued 52,500 units to finders in connection with this financing on the same terms as the private placement and paid the finders' \$24,375 cash and incurred listing fees of \$6,825 of which \$1,365 had been paid by December 31, 2007.

b) The continuity for share purchase warrants is as follows:

Expiry date	Exercise price	Balance, December 31, 2007	Issued	Exercised	Expired	Balance, June 30, 2008
January 13, 2010	\$ 0.35	-	1,905,250	-	-	1,905,250
Balance at June 30, 2008		-	1,905,250	-	-	1,905,250
		\$ -	\$ 0.35	\$ -	\$ -	\$ 0.35

c) The Company has a shareholder approved "rolling" stock option plan (the "Plan") in compliance with the TSX Venture Exchange's policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the market price of the Company's stock at the date of grant.

All except 50,000 stock options are exercisable at June 30, 2008. The continuity for stock options is as follows:

CRESCENT RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the three and six months ended June 30, 2008

(Unaudited – prepared by Management)

6. Share Capital – continued

Expiry date	Exercise price	Balance, December 31, 2007	Granted	Exercised	Expired	Balance, June 30, 2008
August 9, 2010	\$ 0.39	805,000	-	-	-	805,000
September 28, 2010	\$ 0.55	650,000	-	-	-	650,000
May 23, 2011	\$ 0.55	15,000	-	-	-	15,000
November 14, 2011	\$ 0.50	100,000	-	-	-	100,000
February 21, 2012	\$ 0.55	900,000	-	-	-	900,000
September 12, 2012	\$ 0.42	200,000	-	-	-	200,000
January 2, 2013	\$ 0.28	-	200,000	-	-	200,000
		2,670,000	200,000	-	-	2,870,000

Weighted average exercise price	\$ 0.49	\$ 0.28	\$ -	\$ -	\$ 0.48
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d) Stock based compensation

During the six month period ended June 30, 2008, the Company granted 200,000 stock options and based on the estimated fair value at the grant dates, recorded stock-based compensation for the vesting portion of the stock options of \$29,321, of which \$9,774 was recognized in the statement of operations and \$19,547 was capitalized to mineral interests with the offsetting credit to contributed surplus (2007 - \$214,979 / \$19,544).

The fair value of the option grant was calculated using the Black-Scholes option pricing model with the following assumptions: five year expected life, 87% annualized volatility, zero expected dividend yield and 3.52% risk free interest rate for a \$0.20 per share value of the options granted.

7. Related Parties

Unless disclosed elsewhere, related party transactions are as follows:

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
	\$	\$	\$	\$
i) consulting fees to an officer and director	24,000	24,000	48,000	48,000
ii) consulting fees for public relations to an officer and director	24,000	24,000	48,000	48,000
iii) fees for corporate and financial compliance services to an officer	16,500	15,000	31,500	24,000
iv) shared office costs to a company managed by common directors and officers	15,055	13,750	29,973	24,196

Included in accounts payable and accrued liabilities are amounts owed to related parties at June 30, 2008 of \$80 (June 30, 2007: \$382) which were paid shortly after June 30.

All of the above noted transactions have been in the normal course of operations and, in management's opinion, undertaken with the same terms and conditions as transactions with unrelated parties.

CRESCENT RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the three and six months ended June 30, 2008

(Unaudited – prepared by Management)

8. Management of Capital

The Company manages its cash, common shares, stock options and warrants as capital (see Note 6). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

The Company does not expect its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period and will attempt to raise additional capital through an equity transaction.

9. Commitments

During 2004, for consideration of US\$5,000, the Company entered into a finder's fee agreement with an individual to assist the Company in acquiring certain mineral claims in Utah, USA. If successful, the Company will issue 250,000 common shares over a period of 3 years from the date of acquisition.

The Company is obligated to make cash payments, issue shares and incur exploration expenditures in connection with mineral interest agreements as disclosed in note 5.

10. Contingency

As discussed in note 5, on November 1, 2006, the Company entered into an option agreement (the "Option Agreement") with Coronel Oviedo Mining Company SA ("Coronel"), a Paraguay corporation, which sets out the terms of an agreement whereby the Company has an option to earn up to a 70% interest in the Oviedo uranium property (the "Property") in Paraguay.

The Company did not pay US\$250,000 in cash or issue 1,200,000 common shares to Coronel on May 16, 2008 pursuant to the Option Agreement because the Company and Coronel were negotiating amendments to the Option Agreement and it is not known if these negotiations will be successful. Market conditions for uranium and the slow pace of exploration conducted by the Company have made it very unlikely that the Company will conduct additional exploration on the Property in the near term if it were able to negotiate improved agreement terms with Coronel. The Company considers the value of the Property to be impaired due to the uncertainty regarding negotiating improved agreement terms and the Company's ability to fund ongoing significant exploration on the Property and as a result the Company has written the Property down to \$nil at June 30, 2008.

The amount of any re-negotiated payment schedule cannot be reasonably estimated at this time and the outcome of this matter is not determinable at present.

CRESCENT RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the three and six months ended June 30, 2008

(Unaudited – prepared by Management)

11. Segmented Disclosures

The Company operates in a single segment, being mineral resource exploration and development. All interest revenue for the six month period ended June 30, 2008 and 2007 was derived in Canada. Capital expenditures made during the six month period ended June 30, 2008 and 2007 are disclosed in note 4 and 5. Other geographic information is as follows:

	Canada	Brazil	Paraguay	Total
	\$	\$	\$	\$
June 30, 2008				
Loss for the period	(289,647)	(9,119)	(4,763,523)	(5,062,289)
Capital assets	7,794	1,569,478	-	1,577,272
June 30, 2007				
Loss for the period	(466,764)	(8,495)	27,597	(447,662)
Capital assets	266,750	1,518,869	1,912,089	3,697,708

12. Subsequent Event

Subsequent to June 30, 2008 the Company signed a letter agreement with Australian Potash Company Pty Ltd. and its shareholders to acquire up to a 100% direct and indirect interest in 12 licenses known as the Carnarvon Basin Project as described in note 5.