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

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934

For the month of November 2008

Commission File Number 29606

**SHARPE RESOURCES CORPORATION**  
(Translation of registrant's name into English)  
**3258 MOB NECK ROAD, HEATHSVILLE, VIRGINIA 22473**  
(Address of principal executive offices)

Indicated by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.  
Form 20-F ☒ Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulations S-T Rule 101(b)(1):  
\_\_\_\_\_

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulations S-T Rule 101(b)(7):  
\_\_\_\_\_

**Note:** Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes ☒ No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
82-4009

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: December 8, 2008  
By Sharpe Resources Corporation  
(Registrant)  
\S\ Roland M. Larsen  
President & CEO

SEC1815 (04-07)

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**SHARPE RESOURCES CORPORATION**

**(An Exploration Stage Company)**

**(Expressed in United States Dollars)**

**Consolidated Financial Statements**

**(Unaudited)**

**Three and Nine months ended September 30, 2008**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim consolidated financial statements of Sharpe Resources Corporation (An Exploration Stage Company) were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the December 31, 2007 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these unaudited interim consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim consolidated financial statements and (ii) the unaudited interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# SHARPE RESOURCES CORPORATION

(An Exploration Stage Company)  
Interim Consolidated Balance Sheets  
(Expressed in United States Dollars)

<b>(Unaudited)</b>	<b>September 30, 2008</b>	<b>December 31, 2007</b>
<b>Assets</b>		
Current assets		
Cash	\$ 107,887	\$ 292,434
Short-term investments	174,536	12,114
Loan receivable (Note 10)	25,000	-
Due from related party (Note 6)	-	250,000
	<b>307,423</b>	<b>554,548</b>
Mining interests (Note 9)	<b>996,447</b>	<b>-</b>
	<b>\$ 1,303,870</b>	<b>\$ 554,548</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 267,446	\$ 147,486
Due to related parties (Note 6)	484,055	134,213
Loan claims (Note 8)	563,818	563,818
	<b>1,315,319</b>	<b>845,517</b>
Future income tax liability (Note 9(a))	<b>207,602</b>	<b>-</b>
	<b>1,522,921</b>	<b>845,517</b>
<b>Capital Stock and Deficit</b>		
Share capital (Note 5(b))	11,463,430	11,463,430
Shares to be issued (Note 9(a))	135,546	-
Contributed surplus	457,263	266,462
Deficit	(12,275,290)	(12,020,861)
	<b>(219,051)</b>	<b>(290,969)</b>
	<b>\$ 1,303,870</b>	<b>\$ 554,548</b>

The notes to the unaudited interim consolidated financial statements are an integral part of these statements.

Nature of Operations and Going Concern (Note 1)

# SHARPE RESOURCES CORPORATION

(An Exploration Stage Company)

Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in United States Dollars)

	Three months ended September 30,		Nine months ended September 30,		Cumulative from start of the exploration stage on January 1,
(Unaudited)	2008	2007	2008	2007	2002
<b>Revenue</b>					
Petroleum and natural gas revenue	\$ 17,110	\$ -	\$ 28,235	\$ 8,606	\$ 385,007
Interest income	1,812	394	2,892	1,557	16,374
Other income	-	-	-	-	3,239
	<b>18,922</b>	<b>394</b>	<b>31,127</b>	<b>10,163</b>	<b>404,620</b>
<b>Operating and administrative expenses</b>					
Operating	1,088	6,577	1,601	27,418	742,176
General and administrative	34,372	4,377	74,715	56,318	603,705
Depletion, depreciation and amortization	-	-	-	-	35,353
Stock-option compensation (Note 5(c))	-	-	190,801	90,232	314,177
Interest on advance	508	-	1,524	-	11,062
Interest on loan claims	5,639	5,639	16,915	16,915	103,076
Management fees	-	-	-	15,000	169,000
	<b>41,607</b>	<b>16,593</b>	<b>285,556</b>	<b>205,883</b>	<b>1,978,549</b>
<b>Loss before the following:</b>	<b>(22,685)</b>	<b>(16,199)</b>	<b>(254,429)</b>	<b>(195,720)</b>	<b>(1,573,929)</b>
Write-off of an option to acquire mineral property	-	-	-	-	(78,125)
Gain on disposal of petroleum and natural gas properties	-	-	-	-	606,047
Gain on disposal of capital asset	-	-	-	-	10,000
Gain on settlement of debt	-	-	-	-	149,681
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (22,685)</b>	<b>\$ (16,199)</b>	<b>\$ (254,429)</b>	<b>\$ (195,720)</b>	<b>\$ (886,326)</b>
<b>Loss per common share</b>					
Basic and diluted	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>	
<b>Weighted average of common shares outstanding</b>	<b>46,619,863</b>	<b>46,619,863</b>	<b>46,619,863</b>	<b>46,619,863</b>	

The notes to the unaudited interim consolidated financial statements are an integral part of these statements.

# SHARPE RESOURCES CORPORATION

(An Exploration Stage Company)

Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in United States Dollars)

	Nine months ended September 30, 2008	Year ended December 31, 2007
<b>(Unaudited)</b>		
<b>Share capital</b>		
Balance, beginning of period	\$ 11,463,430	\$ 11,174,108
Exercise of warrants	-	228,000
Fair value of warrants exercised	-	61,322
Balance, end of period	\$ 11,463,430	\$ 11,463,430
<b>Shares to be issued</b>		
Balance, beginning of period	\$ -	\$ -
Activity during the period (Note 9(a))	135,546	-
Balance, end of period	\$ 135,546	\$ -
<b>Warrants</b>		
Balance, beginning of period	\$ -	\$ 204,408
Fair value of warrants exercised	-	(61,322)
Transfer of expired warrants to contributed surplus	-	(143,086)
Balance, end of period	\$ -	\$ -
<b>Contributed surplus</b>		
Balance, beginning of period	266,462	33,144
Stock-option compensation (Note 5(c))	190,801	90,232
Fair value of expired warrants	-	143,086
Balance, end of period	\$ 457,263	\$ 266,462
<b>Deficit</b>		
Balance, beginning of period	\$(12,020,861)	\$(11,765,034)
Net loss for the period	(254,429)	(255,827)
Balance, end of period	\$(12,275,290)	\$(12,020,861)
<b>Shareholders' deficit, end of period</b>	<b>\$ (219,051)</b>	<b>\$ (290,969)</b>

The notes to the unaudited interim consolidated financial statements are an integral part of these statements.

# SHARPE RESOURCES CORPORATION

(An Exploration Stage Company)

Interim Consolidated Statements of Cash Flows

(Expressed in United States Dollars)

	Three months ended September 30,		Nine months ended September 30,		Cumulative from start of the exploration stage on January 1,
(Unaudited)	2008	2007	2008	2007	2002
<b>Cash (Used In) Provided by:</b>					
<b>Operating Activities</b>					
Net loss for the period	\$ (22,685)	\$ (16,199)	\$ (254,429)	\$ (195,720)	\$ (886,326)
Operating items not involving cash:					
Depletion, depreciation and amortization	-	-	-	-	35,353
Stock-option compensation (Note 5(c))	-	-	190,801	90,232	314,177
Write-off of an option to acquire mineral property	-	-	-	-	78,125
Gain on disposal of petroleum and natural gas properties	-	-	-	-	(606,047)
Gain on disposal of capital asset	-	-	-	-	(10,000)
Gain on settlement of debt	-	-	-	-	(149,681)
Changes in non-cash working capital items	116,197	(4,015)	19,961	(20,293)	318,749
	93,512	(20,214)	(43,667)	(125,781)	(905,650)
<b>Financing Activities</b>					
Repayment of long term debt	-	-	-	-	(117,654)
Repayment of loan claims	-	-	-	-	(100,715)
Advances to/from related parties	(1,034,663)	-	21,542	-	(126,765)
Common shares issued	-	-	-	228,000	606,530
	(1,034,663)	-	21,542	228,000	261,396
<b>Investing Activities</b>					
Additions to petroleum and natural gas properties	-	-	-	-	(31,404)
Proceeds on disposal of petroleum and natural gas properties	-	-	-	-	606,467
Proceeds on disposal of capital assets	-	-	-	-	10,000
Purchase of short-term investments	985,386	-	(162,422)	-	(162,422)
	985,386	-	(162,422)	-	422,641
<b>Change in cash during the period</b>	<b>44,235</b>	<b>(20,214)</b>	<b>(184,547)</b>	<b>102,219</b>	<b>(221,613)</b>
<b>Cash, beginning of period</b>	<b>63,652</b>	<b>327,299</b>	<b>292,434</b>	<b>204,866</b>	<b>329,500</b>
<b>Cash, end of period</b>	<b>\$ 107,887</b>	<b>\$ 307,085</b>	<b>\$ 107,887</b>	<b>\$ 307,085</b>	<b>\$ 107,887</b>

The notes to the unaudited interim consolidated financial statements are an integral part of these statements.

# SHARPE RESOURCES CORPORATION

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

(Expressed in United States Dollars)

Three and Nine months ended September 30, 2008

(Unaudited)

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## 1. Nature of Operations and Going Concern

Sharpe Resources Corporation (the "Company") is a publicly held company, engaged in the development of minerals resources in the United States of America. Currently the Company has oil & gas royalty interests in Texas through its wholly-owned subsidiary, Sharpe Energy Company, in a single cost centre in the United States of America. The Company's shares are listed in the United States on the OTC:BB symbol SHGPF and in Canada under the symbol SHO.H on the NEX exchange.

The Company is considered in the exploration stage as of January 1, 2002 for the following reasons:

- (i) The Company started disposing of its interests in petroleum and natural gas properties at the beginning of 2002. The entire process of disposal of these properties was completed during the fiscal year ended on December 31, 2005;
- (ii) The Company has not earned significant revenue from petroleum and natural gas interests since that date; and
- (iii) The Company changed the focus of its business and started looking for mineral/coal properties and at present is exploring various options to invest in this industry.

These unaudited interim consolidated financial statements have been prepared on the basis that the Company is a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The ability of the Company to continue operations is dependent upon obtaining the necessary financing to complete the development of its properties and/or the realization of proceeds from the sale of one or more of its properties. These unaudited interim consolidated financial statements do not include any adjustments related to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

## 2. Basis of Presentation and Accounting Policies

The unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of these consolidated financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements except as noted below. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended December 31, 2007, as they do not contain all disclosures required by GAAP for annual consolidated financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.



# SHARPE RESOURCES CORPORATION

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

(Expressed in United States Dollars)

Three and Nine months ended September 30, 2008

(Unaudited)

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## 2. Basis of Presentation and Accounting Policies (continued)

### Capital Disclosures and Financial Instruments – Disclosures and Presentation

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

#### Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Company has included disclosures recommended by the new Handbook section in Note 3 to these consolidated interim financial statements.

#### Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in Note 4 to these consolidated interim financial statements.

#### General Standard of Financial Statement Presentation

In June 2007, the CICA amended Handbook Section 1400, Going Concern, to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. Section 1400 is effective for interim and annual reporting periods beginning on or after January 1, 2008. The application of this new standard had no impact on the Company's unaudited interim financial statements as at and for the three and nine months ended September 30, 2008.

### Future Accounting Changes

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

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian generally accepted accounting principles with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of IFRS on its consolidated financial statements.

#### Goodwill and Intangible Assets

In November 2007, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its consolidated financial statements.

# SHARPE RESOURCES CORPORATION

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

(Expressed in United States Dollars)

Three and Nine months ended September 30, 2008

(Unaudited)

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## 3. Capital Management

The Company considers its capital structure to consist of share capital, stock options, and warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2008. The Company is not subject to externally imposed capital requirements.

## 4. Risk Factors

### (a) Property Risk

The Company's major mineral property is the Preston County Coal Property (the "Property"). Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon its Property. If no additional major mineral properties are acquired by the Company, any adverse development affecting the Company's Property would have a material adverse effect on the Company's financial condition and results of operations.

### (b) Financial Risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk [including interest rate, foreign exchange rate, and commodity and equity price risk].

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

#### Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, short-term investments and loan receivable. Cash and short-term investments consist of non-interest and interest bearing bank accounts with reputable financial institutions. Management believes that the credit risk concentration with respect to financial instruments included in cash and short-term investments is remote.

Loan receivable consists of a \$25,000 deposit towards acquiring a 40% interest in a coal mine property in Eastern Kentucky. Management believes that the credit risk concentration with respect to loan receivable is remote.

# SHARPE RESOURCES CORPORATION

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

(Expressed in United States Dollars)

Three and Nine months ended September 30, 2008

(Unaudited)

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## 4. Risk Factors (continued)

### Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet accounts payable and accrued liabilities when due. As at September 30, 2008, the Company had a cash and short-term investment balance of \$282,423 (December 31, 2007 - \$304,548) to settle accounts payable and accrued liabilities of \$267,446 (December 31, 2007 - \$147,486). Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company can also redeem, all or in part, at a discount price, preferred shares shown as current liabilities on the balance sheet in the amount of \$563,818 (December 31, 2007 - \$563,818). As of September 30, 2008, the Company does not intend to redeem the preferred shares due to the limited financial resources of the Company.

Due to related parties of \$484,055 (December 31, 2007 - \$134,213) are unsecured with no set date of repayment.

### Market Risk

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

### Interest Rate Risk

The Company has cash balances, short-term investments and balances due to a related party with a fixed interest rate (refer to Note 6(ii)). The Company's current policy is to invest excess cash in interest bearing bank accounts. The Company periodically monitors its interest bearing bank accounts and is satisfied with the creditworthiness of its banks.

### Foreign Currency Risk

The Company's functional currency is the United States dollar and major purchases are transacted in United States dollars. An operating account is maintained in Canadian dollars primarily for settlement of general and corporate expenditures. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

### Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as it relates to coal to determine the appropriate course of action to be taken by the Company.

# SHARPE RESOURCES CORPORATION

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

(Expressed in United States Dollars)

Three and Nine months ended September 30, 2008

(Unaudited)

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## 4. Risk Factors (continued)

### Sensitivity Analysis

The Company has designated its cash and short-term investments as held-for-trading, which are measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at September 30, 2008, the carrying and fair value amounts of the Company's financial instruments related to cash, short-term investments and accounts payable and accrued liabilities are the same.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a nine month period:

- (i) Held-for-trading assets include an interest bearing bank account with a variable interest rate. As at September 30, 2008, if interest rates had fluctuated by 1% with all other variables held constant, the loss for the nine months ended September 30, 2008 would have varied by \$1,310, as a result of the associated variance in interest income from the interest bearing bank account. Similarly, as at September 30, 2008, shareholders' equity would have varied by \$1,310 as a result of the associated variance in interest income from the interest bearing bank account due to a 1% change in interest rates.
- (ii) The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities, and due to related parties that are denominated in Canadian dollars. Sensitivity to a plus or minus 1% change in the foreign exchange rate would affect net loss and comprehensive loss by approximately \$2,025 with all other variables held constant.
- (iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of coal. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of coal may be produced in the future, a profitable market will exist for them. As of September 30, 2008, the Company is not a producer of coal. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

# SHARPE RESOURCES CORPORATION

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

(Expressed in United States Dollars)

Three and Nine months ended September 30, 2008

(Unaudited)

## 5. Share Capital

### (a) Authorized

Unlimited common shares without par value

### (b) Issued and Outstanding

	Shares	Amount
<b>Balance, December 31, 2007 and September 30, 2008</b>	<b>46,619,863</b>	<b>\$ 11,463,430</b>

### (c) Stock Options

The changes in stock options for the nine months ended September 30, 2008 are as follows:

	Number of stock options	Weighted average exercise price (\$CDN)
Balance, December 31, 2007	3,511,000	\$ 0.10
Granted	1,700,000	0.10
Cancelled	(1,431,000)	0.10
<b>Balance, September 30, 2008</b>	<b>3,780,000</b>	<b>\$ 0.10</b>

The following table reflects the actual stock options issued and outstanding as of September 30, 2008:

Exercise price per share (\$CDN)	Expiry date	Fair value	Number of stock options	Weighted average remaining contractual life [years]
\$ 0.10	May 16, 2010	\$ 15,484	480,000	1.62
\$ 0.10	May 15, 2012	90,232	1,600,000	3.62
\$ 0.10	May 8, 2013	190,801	1,700,000	4.61
<b>\$ 0.10</b>		<b>\$ 296,517</b>	<b>3,780,000</b>	<b>3.81</b>

# SHARPE RESOURCES CORPORATION

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

(Expressed in United States Dollars)

Three and Nine months ended September 30, 2008

(Unaudited)

## 5. Share Capital (continued)

### (c) Stock Options (continued)

- (i) On May 8, 2008, the Company granted options to purchase a total of 1,700,000 common shares to directors and officers of the Company. The options are exercisable at \$0.10 (Canadian) and expire on May 8, 2013. For the purposes of the 1,700,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 161.3%; risk-free interest rate of 3.04% and an expected average life of 5 years. The estimated value of \$190,801 was recorded as a debit to stock-option compensation and a credit to contributed surplus.

## 6. Related Party Transactions Not Disclosed Elsewhere

Transactions with related parties not disclosed elsewhere in these consolidated financial statements are comprised of:

	September 30, 2008	December 31, 2007
Due from related party (i)	\$ -	\$ 250,000
Due to related parties		
Roland Larsen (ii)	25,400	25,400
Roland Larsen (iii)	328,800	-
Royal Standard Minerals Inc. (iv)	129,855	108,813
	\$ 484,055	\$ 134,213

- (i) Standard Energy Company ("Standard") is related by virtue of its ownership by an officer and director of the Company. The loan receivable is unsecured, non-interest bearing and no date is set for its repayment. On January 7, 2008, the Company acquired 100% interest in Standard as described in Note 9(a).
- (ii) This loan is payable to an officer and director of the Company. It is unsecured, bearing interest at 8% and has no date set for repayment. The interest payable on this loan has been accrued but has not yet been paid.
- (iii) This loan is payable to an officer and director of the Company. It is unsecured, non-interest bearing, and has no date set for repayment.

# SHARPE RESOURCES CORPORATION

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

(Expressed in United States Dollars)

Three and Nine months ended September 30, 2008

(Unaudited)

## 6. Related Party Transactions Not Disclosed Elsewhere (continued)

- (iv) Royal Standard Minerals Inc. ("RSM") is a related company by virtue of common management and common directors. The loan payable was unsecured, non-interest bearing and had no date set for its repayment.

On September 9, 2008, the Company entered into an agreement with RSM for the repayment of the loan. To this end, the Company has executed a promissory note (the "Note") in favour of RSM that provides for the repayment of the loan over a three-year period commencing on September 9, 2008. Pursuant to the Note, the outstanding amount of the loan will accumulate interest at the rate of 4% per annum, such interest to accrue daily and be payable monthly, in arrears on the first business day of each and every month commencing on October 9, 2008 until the full amount of the loan together with all interest on such amount has been repaid in full.

These transactions are in the normal course of operations and are measured at the exchange amount (the amount of consideration established and agreed to by the related parties which approximates the arm's length equivalent value).

## 7. Segmented Information

The Company has one reportable business segment. Substantially all of the Company's assets are located in the United States except for small balances held in Canadian banks. The Company's operations in Canada consist of general and administrative expenses necessary to maintain the Company's public company status.

## 8. Loan Claims

	September 30, 2008	December 31, 2007
Unsecured vendor loan claims	563,818	563,818

Pursuant to voluntary reorganization under Chapter 11 of the United States Bankruptcy Code, the agreed unsecured vendor loan claims of Sharpe Energy were paid partially by 10% cash settlement. The remaining 90% of the claims were settled by the issue of preferred stock certificates of Sharpe Energy, bearing a quarterly dividend of 4% per annum. The certificates were fully redeemable in 2006. At the discretion of the Company, the certificates can be redeemed, all or in part, at a discount based upon the time of redemption.

The amount outstanding has been classified as a current liability given the redemption feature and the dividend payments are reflected as interest expense.

# SHARPE RESOURCES CORPORATION

(An Exploration Stage Company)

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## 9. Mining Interests

### (a) Business Combination

On January 7, 2008, the Company acquired a 100% interest in Standard. The cash and stock transaction includes a cash payment of \$250,000 and the issuance of 2 million shares of the Company's common stock valued at \$0.068 (Canadian) per share (Shares to be issued).

Standard's primary asset includes 100% ownership interest in all of the coal seams on more than 17,000 acres in Preston County, West Virginia.

The results of operations are included in the accounts from January 7, 2008, the effective date of acquisition. Details of the acquisition are as follows:

#### Purchase Price

Cash paid	\$	250,000
Shares to be issued		135,546
	\$	385,546

#### Fair Value of Net Assets Acquired

Mining interest	\$	996,447
Less: current liabilities		(403,299)
Less: future tax liabilities		(207,602)
	\$	385,546

### (b) Coal Projects

On June 12, 2008, the Company announced that RSM has reached an agreement in principle with the Company to jointly develop and operate a number of coal projects. To enter into the transaction RSM has agreed in principle to advance to the project up to \$2 million to facilitate the startup.

Roland M. Larsen is the Chief Executive Officer of both RSM and the Company. In order to conduct the negotiations and settlement of definitive agreements in this connection, the board of RSM has appointed an independent committee of directors consisting of Robert N. Granger (chairman) Mackenzie I. Watson and James C. Dunlap to evaluate finalize and recommend the transaction to the Board of Directors of RSM if warranted. It is anticipated that the business will operate as a joint venture between the companies at least at the outset.

In an effort to achieve diversity within its natural resource portfolio RSM has entered into the joint venture program mentioned above focused initially on the eastern Kentucky coal fields with Standard a subsidiary of the Company. The joint venture will involve the opportunity for RSM to earn a 40% interest in coal projects that Standard has acquired or holds under option agreements. RSM can earn its 40% interest by advancing four projects to production over the next 12 months.



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Three and Nine months ended September 30, 2008

(Unaudited)

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## **10. Loan receivable**

On April 1, 2008, Standard entered into a purchase agreement to acquire a 40% interest in a coal mine property in Eastern Kentucky. The terms of the transaction include a payment of \$250,000 in cash and specific expenditure commitments in regard to accelerating the development of this property. The Lawrence County Kentucky property is permitted and bonded and is in position to commence production immediately. The Company has deposited \$25,000 towards the \$250,000 payment.