

ROCKCLIFF RESOURCES INC.

Management's Discussion and Analysis
For the Period Ended November 30, 2006
(Prepared as at January 24, 2007)

The following discussion of financial condition, changes in financial condition and results of operations has been prepared by the Company's management, without review or comment from the Company's auditors. This document is intended to accompany the unaudited interim financial statements as at November 30, 2006 and should be read in conjunction with those financial statements. Additional information about the Company can be found at www.sedar.com.

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for the information disclosed in this management discussion and analysis and has in place the appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable. As of the financial year ended August 31, 2006, an evaluation was carried out under the supervision of, and with the participation of, the Company's management, including the Chief Executive Officer and Chief Financial Officer, on the effectiveness of the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of August 31, 2006 to provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company. As there have been no subsequent changes to these controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of November 30, 2006 to provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company.

FORWARD LOOKING INFORMATION

This Management's Discussion and Analysis contains forward-looking statements that involve risks and uncertainties, which may cause actual results to differ materially from the statements made. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to such risks and uncertainties. Many factors could cause our actual results to differ materially from the statements made, including those factors discussed in filings made by us with the Canadian securities regulatory authorities. Should one or more of these risks and uncertainties, such as actual results of current exploration programs, the general risks associated with the mining industry, the price of gold and other metals, currency and interest rate fluctuations, increased competition and general economic and market factors, occur or should assumptions underlying the forward looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, or expected. We do not intend and do not assume any obligation to update these forward-looking statements. Shareholders are cautioned not to put undue reliance on such forward-looking statements.

OVERVIEW

The Company operates a single business segment which is engaged in base and precious metal mining and related activities, including exploration and development, in northern Ontario. The management of the Company has not changed since the fiscal year end and is comprised of the following individuals:

<u>Name</u>	<u>Position(s) Held</u>
Ken Lapierre, P. Geo	Director, CEO, President
Peter Wood, P. Geo.	Director, VP Exploration
William R. Johnstone, LL.B ⁽¹⁾	Director, Corporate Secretary
Robin Lowe ⁽¹⁾	Director
Denis Arsenault, C.A. ⁽¹⁾	Director
Mike Kindy, C.A.	CFO

⁽¹⁾ Member of the Company's Audit Committee

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OVERALL PERFORMANCE

Since the Company's inception in January 2006 management has been focused on acquiring suitable mining properties, preparing for operations, and preparing for the initial public offering (IPO) of its securities. These objectives remained the Company's focal points throughout the three-month period ended November 30, 2006 as \$2,080 was spent to stake additional claims, \$84,093 was expended on exploration and the majority of the work was completed that allowed the IPO to close December 8, 2006.

As at November 30, 2006 the Company had incurred a total of \$252,458 in exploration expenditures on its Shihan property and exploration continues at present. On January 8, 2007 the Company announced that it would commence a drilling program on this property and the results of this drilling program will help to determine the next actions to be taken on this property.

The Company is currently in process of exploring its mineral properties and does not yet have any sources of operating revenue. This absence of revenues virtually assures that operating losses will occur however when one combines this with the many one-time expenses that the Company incurred in the current period the result is losses that are higher than the anticipated norm. While it is probable that operating losses will continue for the foreseeable future it is not anticipated that they will continue at the rate of \$122,579 as realized in this period.

RESULTS OF OPERATIONS

During the current fiscal period the Company incurred losses in the amount of \$122,579 or \$0.02 per share. There is no comparable fiscal period however this is up significantly from the loss of \$49,110 or \$0.01 per share realized during the period from January 20, 2006 to August 31, 2006.

The Company's revenues are limited to interest earned on short-term cash-based investments that it holds. This revenue, which amounted to \$1,048 for the current quarter, will fluctuate from period to period depending upon the amount of available cash resources that the Company can direct towards this type of investment.

The largest single element of the current period loss is professional fees which amounted to \$82,660, including \$9,800 in fees related to the audit of the Company's financial statements as at August 31, 2006 and \$72,860 in legal fees. All but a small portion of these legal fees are attributable to one-time transactions including changing the corporate name, making application to list the Company's shares on the TSX Venture Exchange ("TSXV"), and dealing with the governance issues and other matters associated with the initial public offering. These costs are not expected to recur, even in the subsequent period, as the Company name was changed October 17, 2006, the IPO closed December 8, 2006 and the Company's shares commenced trading on the TSXV December 18, 2006.

In the current period the Company began paying regulatory fees and filing fees associated with obtaining the right for its shares to trade on the TSXV and to be able to comply with the filing requirements associated with being a reporting issuer. An additional fee of \$23,850 has been paid in the subsequent period which is when the Company's shares became approved to commence trading.

The Company also incurred \$11,018 in general and administrative expenses including \$5,080 in fees associated with accounting services. This category encompasses all aspects of supplies, telephone and internet and other miscellaneous expenses.

The final element of the loss is amortization expense which amounted to \$5,682 in the current period. Amortization is a function of the estimated useful lives of the Company's property plant and equipment and will vary according to the amount and nature of items acquired. Since the Company has acquired items with a cost of \$112,147 in the short time since it commenced operations, including \$18,550 in current period acquisitions, the amortization is likely to remain fairly high for the next few fiscal periods.

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PROPERTIES

The Company has, to date, acquired and made expenditures on two mineral properties as follows:

	Horwood <u>Property</u>	Shihan VMS <u>Property</u>
Acquisition costs	\$ 2,500	\$ 89,900
Exploration costs	<u>-</u>	<u>252,458</u>
Total costs to date	<u>\$ 2,500</u>	<u>\$ 342,358</u>

These amounts, and any future costs, will be deferred and reported as an asset of the Company until such time that the properties are brought to commercial production, sold, disproved or abandoned at which time an appropriate amount will be charged against income.

The Company continues to incur exploration costs on the Shihan VMS Property and has initiated a drilling program in January 2007.

LIQUIDITY

During the current period the Company's working capital declined by \$221,620 to \$92,430 as available cash was utilized to fund operations, the acquisition and exploration of mining properties and additional property plant and equipment.

Subsequent to the balance sheet date the Company closed a prospectus offering of its securities whereby it raised gross proceeds of \$2,300,000. These proceeds, less costs of the offering, will be used to fund current and future transactions.

Since the Company currently has no source of revenues or other means of generating cash from operations it will likely remain reliant on its ability to raise financing, either through private or public sources, in order to satisfy its obligations as they become due. Although the Company has been successful to date in obtaining the financing it has required and the Company's shares became listed for trading on the TSXV on December 18, 2006 there is no assurance that it will be successful in completing future financing transactions should they be required.

SUBSEQUENT EVENT:

On December 8, 2006 the Company closed a prospectus offering whereby it issued 4,000,000 Flow-Through Units (the "FT Units") and 4,400,000 Working Capital Units (the "WC Units") for gross proceeds of \$2,300,000. Each FT Unit was priced at \$0.30 and is comprised of one (1) common share of the Company issued as a "flow-through share" (Flow-Through Share") within the meaning of the Income Tax Act (Canada) and one-half (1/2) of a common share purchase warrant of the Company (an "FTU Warrant"). Each whole FTU Warrant entitles the holder to acquire one (1) common share (a "Common Share") at a price of \$0.35 per Common Share until December 8, 2008. Each WC Unit was priced at \$0.25 and is comprised of one (1) Common Share and one Common Share purchase warrant of the Company (a "WC Warrant"). Each WC Warrant entitles the holder to acquire one (1) Common Share at a price of \$0.30 per Common Share until December 8, 2008.

The agent, (the "Agent") earned a cash commission of \$182,750 and a corporate finance fee of \$20,000 and received 840,000 warrants (the "Brokers Warrants") which entitle them to acquire 840,000 WC Units at \$0.25 per unit until December 8, 2008.

Following the completion of the offering the Company has 15,720,000 Common shares, 2,000,000 FTU Warrants, 4,400,000 WC Warrants and 840,000 Brokers warrants outstanding.

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OFF-BALANCE SHEET ARRANGEMENTS

In accordance with the terms of the option agreement that the Company entered into to acquire a 100% working interest, subject to a 2% Net Smelter Returns Royalty, in the Shihan VMS Property it is required to make the following payments on or before the following dates:

	<u>Cash</u> <u>Payments</u>	<u>Exploration</u> <u>Expenditures</u>	<u>Common</u> <u>Shares</u>
July 14, 2007	\$ 12,500	\$ 100,000	75,000
July 14, 2008	15,000	100,000	75,000
July 14, 2009	<u>25,000</u>	<u>100,000</u>	<u>-</u>
	<u>\$ 52,500</u>	<u>\$ 300,000</u>	<u>150,000</u>

The Company has also entered into a lease agreement relative to its office facility for an initial period of two years with an option to renew for a third year with no increase in rent and a further option to renew for an additional five year period at prevailing market rates. The minimum annual payments due under this lease are as follows:

To November 30, 2007	\$ 13,800
To November 30, 2008	<u>3,450</u>
	<u>\$ 16,250</u>

The Company has not entered into any other commitments or purchase contracts as at the date of this document.

TRANSACTIONS WITH RELATED PARTIES

During the period ended November 30, 2006 the Company entered into transactions with related parties that resulted in the following amounts being recorded:

- \$68,041 in exploration expenses result from fees and expenses charged by two corporations, each of which is owned by individuals that are shareholders and Directors of the Company. One of these corporations also charged \$1,102 on account of general and administrative services provided.
- \$72,860 in legal fees was charged by a legal firm in which a partner is a senior officer and director.
- \$5,000 in administrative expenses has been recorded as an estimate of the services provided to date by the Company's CFO.

These transactions have been recorded at exchange amounts established and agreed to by the related parties. All transactions with related parties are in the normal course of operations and have been carried out on the same terms as those accorded to unrelated parties.

CONVERTIBLE INSTRUMENTS AND OTHER SECURITIES

The Company has the following securities issued:

	<u>Quantity</u>	<u>Amount</u>
Common shares as at November 30, 2006 and August 31, 2006	7,320,000	\$ 709,500
Shares issued under IPO December 8, 2006:		
Common shares issued as flow-through shares	4,000,000	1,200,000
Common shares	4,400,000	1,100,000
Less: Agent's fees associated with offering	<u> </u>	<u>(202,750)</u>
Total as at date of this document	<u>15,720,000</u>	<u>\$ 2,806,750</u>

CONVERTIBLE INSTRUMENTS AND OTHER SECURITIES (Continued)

In addition to the shares noted above the Company issued certain warrants in connection with the IPO. The following represents the number of common shares that have been reserved to satisfy the potential future exercise of these warrants:

	<u>Number Of Common Shares</u>
Share purchase warrants exercisable at \$0.35 per share until December 8, 2008	2,000,000
Share purchase warrants exercisable at \$0.30 per share until December 8, 2008	4,400,000
Agents warrants exercisable at \$0.25 per unit until December 8, 2008	840,000
Share purchase warrants exercisable at \$0.30 per share until December 8, 2008 ⁽¹⁾	<u>840,000</u>
Total common shares reserved for potential future issuance	<u>8,080,000</u>

⁽¹⁾ These warrants will only be issued in the event that the Agents warrants are exercised

CHANGES IN ACCOUNTING POLICY

The accounting policies followed by the Company are established in accordance with Canadian Generally Accepted Accounting Policies ("GAAP") and once policies are established they will not, as a matter of policy, be revised unless Canadian GAAP changes. There were no policy changes during the current fiscal period or subsequent thereto.

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, GST receivable and accounts payable and accrued liabilities. Due to the short term maturities associated with these items their fair value approximates their carrying values and the Company is not exposed to any significant interest or credit risks.

RISK FACTORS

There are a number of risks that could affect the Company's business prospects. They include the speculative nature and the ability to finance the exploration and development of the Company's mineral properties, operating hazards, environmental and other government regulations, competition in the marketplace, markets for the Company's securities and the demand for gold and base metals.

Exploration Risk:

Mineral exploration and development involve a high degree of risk. A very low percentage of exploration projects ultimately evolve into producing mines. There is no assurance that the Company's future exploration and development activities will result in the definition of a commercial orebody. The viability of an orebody depends on a number of factors which include, but are not limited to, location, size, grade, geometry of orebody, availability of experienced labourers, proximity to existing infrastructure, metal prices and government regulations, including environmental restrictions.

Competition:

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

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RISK FACTORS (Continued)

Financial Capability and Additional Financing:

The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past in financing its activities through the sale of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to continue as a going concern.

Fluctuating Prices:

The price of gold and other metals have fluctuated widely in recent years and are affected by factors beyond the control of the Company. International economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends are some of the factors that could impact on the viability of the Company's exploration projects that are impossible to predict with certainty.

Environment:

Both the exploration and production phases of the Company's operations will be subject to environmental protection regulations in the jurisdictions in which it operates. Globally, environmental legislation is evolving towards stricter standards and enforcement, more stringent environmental impact assessments of new mining projects and increasing liability exposure for companies and their directors and officers. There is no assurance that future environmental regulations will not adversely affect the Company's operations.

Cash Flow:

The Company's properties are each in an early stage of exploration and as a result, the Company has no source of operating cash flow. Failure to obtain additional financing could result in a delay or indefinite postponement of further exploration with the possible loss of such properties. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company will require new capital to continue to operate its business and to continue exploration on its various properties, and there is no assurance that capital will be available when needed, if at all.

Title Matters:

The mining claims in which the Company has an interest have not been surveyed and, accordingly, the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt. Such claims have not been converted to lease and tenure, and as a result, are subject to annual compliance with assessment work requirement. Other parties may dispute the Company's title to its mining properties. While the Company has diligently investigated title to all mineral claims and, to the best of its knowledge, title to all properties is in good standing; this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers or land claims and title may be affected by undetected defects.