

ROCKCLIFF RESOURCES INC.

Management's Discussion and Analysis
For the Period Ended November 30, 2007
(Prepared as at January 28, 2008)

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, 2007 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, 2007, 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 ("MI 52-109"). 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, 2007 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 the date of this document to provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company.

INTERNAL CONTROL OVER FINANCIAL REPORTING

MI 52-109 also requires a reporting issuer to submit an interim certificate relating to the design of internal control over financial reporting. Internal control over financial reporting is a process designed by management to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles (GAAP). As part of this process, management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the design of the internal control over financial reporting at August 31, 2007 and based on this evaluation, management has concluded that the design of internal control over financial reporting was effective as of August 31, 2007.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Under the provisions of MI 52-109, a reporting issuer is also required to disclose in their MD&A any change in internal control over financial reporting during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect internal control over financial reporting.

Management has determined that there have been no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

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.

FORWARD LOOKING INFORMATION – (continued)

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 Manitoba and 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

OVERALL PERFORMANCE

During the first quarter of fiscal 2008 the Company has continued to carry out its plan to expand its land holdings in the Snow Lake district of Manitoba and to conduct further exploration on and around these properties. This region has been the focal point of the Company's recent efforts as it works towards satisfying the terms of the property option agreements and advancing the project to determine its economic viability in hosting VMS deposits.

As at November 30, 2007 the Company had incurred a total of \$879,931 in expenditures related to the acquisition and exploration in and around the Snow Lake district, including \$697,087 spent during the quarter. The majority of the expenditures for the period ended November 30, 2007 related to an initial drill program on the Rail Zone property, a property that contains historical deposits. The favourable results of the drill program were released just after the end of the fiscal quarter and new drill targets were identified. In January 2008 the Company announced that it had commenced more drilling with the initial targets also being on or near the Rail Zone property.

Just before the end of the fiscal quarter the Company announced that it had contracted a company to conduct an airborne survey of the area. This airborne survey, which commenced in January 2008, will cover 10,000 line kilometers and over 1,200 square kilometers of the Snow Lake area. This survey is expected to be completed in February 2008 and should provide the data upon which to base future drilling efforts.

The expenditures currently being made on drilling and the airborne survey are expected to allow the Company to meet or exceed the minimum expenditure requirements for 2008 as stipulated in the option agreements covering the Snow Lake properties.

The Company is currently in the process of exploring its mineral properties and does not yet have any sources of operating revenue. It is certain that the Company will require additional financing to enable it to further expand its land holdings and to explore and develop its properties.

ROCKCLIFF RESOURCES INC.

Management's Discussion and Analysis
For the Period Ended November 30, 2007
(Prepared as at January 28, 2008)

RESULTS OF OPERATIONS

During the recently concluded fiscal quarter the Company incurred losses in the amount of \$157,597 or \$0.01 per share. This loss is \$35,018 or 28.6% higher than the loss of \$122,579 or \$0.02 per share realized during the first quarter of 2007. The Company remains focused on its stated objective of acquiring and developing high quality mineral assets associated with world class geology and in world class mining camps and does not currently have any source of operating revenue. Under these circumstances the realization of losses from operations are a virtual certainty.

The Company's revenues are currently limited to interest earned on the short-term cash-based investments that it holds. With the expenditures made during the recently concluded quarter the Company terminated \$500,000 of these short-term cash-based investments and the amount of interest revenue realized was less than the Company had previously estimated and accrued. While the Company collected \$5,832 in interest during the period it had previously allowed for \$13,846. The reversal of this excess accrual, when netted against other accruals for the period, resulted in revenue for the period being negative \$5,635. This revenue will continue to fluctuate from period to period based upon the value of the amounts invested, the prevailing interest rates for these investments, and the term for which they are held.

The largest single element of the current period loss is consulting fees, which amounted to \$43,530. The majority of these fees relate to the services provided during the period by the Company's CEO and CFO. In comparison, during the period ended November 30, 2006, the Company incurred consulting fees of \$5,080 primarily as a result of services provided by the Company's CFO. During the first quarter of the 2007 fiscal year the Company was conducting exploration activities on one of its properties in Ontario. At that time the Company did not have sufficient resources to retain external geologists and as such the Company's CEO devoted virtually all of his time and effort to these exploration activities. In comparison, the CEO devoted virtually all of his efforts during the three months ended November 30, 2007 to business development, administration, and promotional activities. While the CEO will likely devote some of his future efforts to specific exploration activities it is anticipated that the majority of his time will be devoted to business development and as such the corresponding fees will represent expense of the period.

The next largest expense for the first quarter of 2008 was professional fees in the amount of \$29,768, which includes legal fees of \$24,408 and audit fees of \$5,360. This compares favourably to the amount of \$82,660 that was incurred during the same period one year earlier. During the first quarter of 2007 the Company was working towards the completion of an initial public offering, the filing of a prospectus document, and obtaining a listing for its securities to trade on the TSX Venture exchange. These efforts were being conducted primarily by the Company's legal counsel, which is reflected in the \$72,860 in fees incurred. The legal fees incurred in the current period are primarily related to services provided in conjunction with financing activities that the Company is involved in as well as the acquisition of new properties. During the first quarter of 2007 the Company also underwent its inaugural financial statement audit. While an estimate of the related fees was recorded as at August 31, 2006 the actual fees incurred exceeded that estimate and the difference contributed to the audit fees of \$9,800 that were realized at November 30, 2006. The actual fees for the 2007 financial statement audit were much closer to the amount estimated so the majority of the current period expense represents the estimated pro-rata amount related to the 2008 financial statement audit.

General and administrative expenses in the amount of \$16,475 represent the next largest expense of the first quarter of 2008. This cost category includes the cost of maintaining the Company's computer network, including the website and email systems, all office and computer supplies, reproduction and delivery charges, telephone expenses and all other miscellaneous costs incurred in operating an office. The current period costs are significantly higher than the \$3,943 incurred during the three months ended November 30, 2006 and this is reflective of the increased infrastructure the Company now maintains as well as the increase in business volumes which results in additional demands for these services.

ROCKCLIFF RESOURCES INC.

Management's Discussion and Analysis
For the Period Ended November 30, 2007
(Prepared as at January 28, 2008)

RESULTS OF OPERATIONS – (continued)

Travel and accommodation expense in the amount of \$14,294 represent the fourth largest expense of the current period and are significantly higher than the \$852 incurred in the same period one year earlier. This expense category is similar to consulting fees in so far as the majority of the expenses relate to the activities of the Company's CEO. With the Company's office being located in Sudbury Ontario it is necessary for the CEO to travel in Ontario and Manitoba while conducting his business development activities. As mentioned previously very little time was allocated to these activities during the period ended November 30, 2006 and accordingly the related travel costs were quite low.

The Company incurred \$9,408 in advertising and promotional expenses on account of trade shows attended and promotional materials acquired. Trade show costs amounted to \$3,125 and will fluctuate from period to period as the Company attends shows that management considers to be of value. Promotional materials are also discretionary in nature and represent the promotional products and materials that management considers appropriate relative to the business promotion activities being conducted. During the first quarter of 2007 the Company did not attend any trade shows and spent only \$432 on products and materials while conducting only limited business development activities.

During the first quarter of 2008 the Company incurred filing and regulatory fees in the amount of \$7,854. These costs represent the transfer agent fees and news release fees incurred during the period. Since the Company was not yet public as of November 30, 2006 there were no similar fees for that period. The Company did however incur \$19,997 in stock exchange and regulatory fees during the first quarter of 2007 which were attributable to obtaining the public listing for the Company's securities.

The Company incurred \$6,781 in insurance costs, \$4,826 in stock compensation expense, and \$277 in interest accretion cost during the three months ended November 30, 2007 with no similar costs incurred during the first quarter of 2007. The appropriate business and liability insurance policies were not put in place until after November 30, 2006 which is why there was no cost incurred during that period. Stock compensation expense is a function of the quantity of employee and consultant stock options granted during the period and the terms associated therewith. The Company granted 10,000 stock options to a consultant during the first quarter of 2008 while none were granted during the first quarter of 2007. Interest accretion arises when a Company receives a loan that bears interest at a rate that is less than prevailing market rates. During November 2007 the company negotiated an unsecured non-interest bearing loan from one of its Directors. GAAP requires that this loan be carried at a discounted value and that the discount be accreted over the term of the loan. No loans existed prior to this one being negotiated.

During the period the Company wrote off \$2,500 representing the cost to acquire a 100% interest in 38 unpatented mining claims in Horwood Township, Ontario. Since these claims were acquired, the Company has devoted its time and resources to the exploration of other resource properties which were considered to be of greater interest. Accordingly, the Company did not satisfy the minimum work requirements that were required in order to keep these claims in good standing and the Company's right to them lapsed. No similar costs have been incurred in any prior period.

The final elements of the current period loss are occupancy costs and amortization expense. Occupancy costs represent the rent and utility costs incurred for the Company's head office which is under lease until February 2009 with no rent escalation. Any periodic variances, like the decline from \$4,981 in the first quarter of 2007 to \$4,275 for the current period, are attributable to the rates charged for utilities and the volumes consumed. Amortization is a function of the aggregate amount spent on depreciable assets and the nature and age of those assets. The Company acquired \$37,184 in new assets during the recently concluded fiscal quarter raising the total cost to \$245,071. In comparison the Company acquired \$18,550 in depreciable assets during the first quarter of 2007 bringing the total to \$112,147. These cost values are what caused amortization to increase from \$5,682 to \$11,974.

ROCKCLIFF RESOURCES INC.
Management's Discussion and Analysis
For the Period Ended November 30, 2007
(Prepared as at January 28, 2008)

PROPERTIES

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

	<u>Horwood Property</u>	<u>Shihan VMS Property</u>	<u>Snow Lake Properties</u>	<u>Total</u>
Acquisition costs	\$ 2,500	\$ 152,650	\$ 146,050	\$ 301,200
Exploration costs	-	1,061,874	733,880	1,795,754
Property abandoned	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>(2,500)</u>
Total costs to date	<u>\$ -</u>	<u>\$ 1,214,524</u>	<u>\$ 879,930</u>	<u>\$ 2,094,454</u>

The Snow Lake properties can be further subdivided as follows:

	<u>HudBay Properties</u>	<u>Jackfish Property</u>	<u>Other Properties</u>	<u>All Properties</u>
Acquisition costs	\$ 19,650	\$ 30,900	\$ 95,500	\$ 146,050
Exploration costs	<u>713,055</u>	<u>-</u>	<u>20,825</u>	<u>733,880</u>
Total costs to date	<u>\$ 732,705</u>	<u>\$ 30,900</u>	<u>\$ 116,325</u>	<u>\$ 879,930</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 HudBay Properties are comprised of seven individual properties and each of these properties is governed by its own option agreement. Each agreement stipulates that there are four annual option payments that must be made in order for the Company to secure its interest in the property. These option payments are due on the annual anniversaries of the signing of the option agreements. The acquisition costs noted above represent the cost of staking claims within the areas of influence of these optioned properties and do not include any amounts on account of the annual option payments. The initial option payments, which equate to \$10,000 per property or \$70,000 in aggregate, are due no later than March 2008.

Each of these option agreements also specify the minimum annual exploration expenditures that must be satisfied in order for the Company to earn its interest in the properties. As at November 30, 2007 none of the minimum expenditure requirements for the first option year, which ends in March 2008, had been met. Exploration activities have continued since the year end and management currently anticipates that each of these minimum expenditure requirements will be satisfied.

The Company is currently investigating and/or conducting work programs on both the Shihan VMS property and on the Snow Lake properties. There are no current plans to conduct a work program on the Horwood property.

LIQUIDITY

During the first quarter of fiscal 2008 the Company issued 1,182,230 common shares for proceeds of \$336,579 as a result of the exercise of 29,750 FT warrants, 391,540 agent's units, 669,900 WC warrants and 91,040 underlying WC warrants.

Also during the quarter ended November 30, 2007, the Company entered into a demand loan agreement, with a director of the Company, whereby the Company can borrow up to \$1,000,000 without interest. The lender can demand repayment of the amount borrowed any time after January 31, 2008 by providing thirty day written notice to the Company. If no such demand is made then the amount borrowed must be repaid by November 28, 2008. To date the Company has borrowed \$500,000 under this arrangement and can borrow the remaining portion, in whole or in part, any time prior to June 30, 2008.

ROCKCLIFF RESOURCES INC.
Management's Discussion and Analysis
For the Period Ended November 30, 2007
(Prepared as at January 28, 2008)

LIQUIDITY – (continued)

Subsequent to the balance sheet date the Company closed a non-brokered private placement financing of its securities whereby it raised gross proceeds of \$2,730,500. These proceeds 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 that it has required there is no assurance that it will be successful in completing future financing transactions should they be required.

CAPITAL RESOURCES

The Company has not entered into any commitments to acquire equipment however it has entered into a contract to obtain airborne survey services. The Company also has exploration expenditure and option payment commitments that must be satisfied in order to maintain and secure its interests in the mineral resource properties that are subject to property option agreements. It is virtually certain that the Company will require additional financing in order to meet these commitments.

OFF-BALANCE SHEET ARRANGEMENTS

In July 2006 the company entered into an option agreement to acquire a 100% working interest, subject to a 2% Net Smelter Returns Royalty, in the Shihan VMS Property in northern Ontario. In accordance with the terms of the agreement, the Company is required to make the following payments on or before the following dates:

	Cash <u>Payments</u>	Exploration <u>Expenditures</u>	Common <u>Shares</u>
July 14, 2008	\$ 15,000	\$ 100,000	75,000
July 14, 2009	<u>25,000</u>	<u>100,000</u>	<u>-</u>
	<u>\$ 40,000</u>	<u>\$ 200,000</u>	<u>75,000</u>

As at the date of this document the Company has satisfied all of the exploration expenditure requirements, has made all cash payments and has issued all shares required to date but it still must make the option payments of cash and shares noted above.

In accordance with the terms of the option agreements that the Company entered into in March 2007 whereby it will acquire a 100% working interest, subject to a 2% Net Smelter Returns Royalty, in the seven Snow Lake properties in Manitoba it is required to make the following aggregate payments on or before the following dates:

	Cash <u>Payments</u>	Exploration <u>Expenditures</u>
March 22, 2008	\$ 70,000	\$ 1,000,000
March 22, 2009	125,000	1,300,000
March 22, 2010	390,000	2,600,000
March 22, 2011	<u>1,475,000</u>	<u>4,900,000</u>
	<u>\$ 2,060,000</u>	<u>\$ 9,800,000</u>

In accordance with the terms of the option agreements that the Company entered into in September 2007, whereby it will acquire a 100% working interest, subject to a 3% Net Smelter Returns Royalty, in the Jackfish Nickel Property in the Snow Lake District of Manitoba it is required to make the following payments on or before the following dates:

ROCKCLIFF RESOURCES INC.
Management's Discussion and Analysis
For the Period Ended November 30, 2007
(Prepared as at January 28, 2008)

OFF-BALANCE SHEET ARRANGEMENTS – (continued)

	Cash <u>Payments</u>	Exploration <u>Expenditures</u>	Common <u>Shares</u>
September 17, 2008	\$ 12,500	\$ 50,000	20,000
September 17, 2009	15,000	75,000	20,000
September 17, 2010	17,500	100,000	20,000
September 17, 2011	<u>45,000</u>	<u>125,000</u>	<u>20,000</u>
	<u>\$ 90,000</u>	<u>\$ 350,000</u>	<u>80,000</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, 2008	\$ 13,800
To November 30, 2009	<u>3,450</u>
	<u>\$ 16,250</u>

With the exception of the option agreements described above, the Company has not entered into any other commitments or purchase contracts as at the date of this document.

TRANSACTIONS WITH RELATED PARTIES

The following related parties had transactions with the Company during the period or have outstanding balances at the end of the period:

Lapierre Exploration Services (“Lapierre”) is a company that is owned and operated by a Director Geodigital Mapping Systems Inc. (“Geodigital”) is a company owned and operated by a Director Gardiner Roberts LLP (“Gardiner”) is a legal firm in which a Director of the Company is a partner.

Robin Lowe (“Lowe”) is a Director of the Company.

Cryo-Line MDI Inc. (“MDI”) is a company owned and operated by a senior Officer

The following 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. As at November 30, 2007 a total of \$16,853 (Nov 30, 2006 - \$68,447) is included in accounts payable and accrued liabilities as a result of these transactions:

		Nov. 30 <u>2007</u>	Nov. 30 <u>2006</u>
Lapierre	Exploration expenditures	\$ -	\$ 69,395
Lapierre	Consulting fees and expenses	40,156	-
Geodigital	Exploration expenditures	55,442	5,000
Geodigital	Expenses	1,998	-
Gardiner	Professional fees	24,408	72,680
Lowe	Interest accretion	277	-
MDI	Consulting fees	7,086	5,000

Amounts are comprised of fees charged and expenses for which they were reimbursed.

ROCKCLIFF RESOURCES INC.
Management's Discussion and Analysis
For the Period Ended November 30, 2007
(Prepared as at January 28, 2008)

CONVERTIBLE INSTRUMENTS AND OTHER SECURITIES

The Company has the following securities issued. The amounts shown represent the actual cash proceeds or other compensation received as a result of their issuance:

	<u>Quantity</u>	<u>Amount</u>
Common shares as at 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
Less: estimated income tax value of expenditures renounced		(433,368)
Common shares	4,400,000	1,100,000
Less: expenses associated with offering		(243,606)
Shares issued under property option	75,000	50,250
Shares issued upon exercise of FT warrants	79,250	27,737
Shares issued upon exercise of WC warrants	979,499	293,850
Shares issued upon exercise of agent's units	366,687	91,672
Shares issued upon exercise of underlying WC warrants	<u>95,860</u>	<u>28,758</u>
Common shares at August 31, 2007	17,316,296	2,824,793
Shares issued under property option	20,000	13,800
Shares issued for mining rights	50,000	40,000
Shares issued upon exercise of FT warrants	29,750	10,413
Shares issued upon exercise of WC warrants	669,900	200,970
Shares issued upon exercise of agent's units ⁽¹⁾	391,540	97,885
Shares issued upon exercise of underlying WC warrants	<u>91,040</u>	<u>27,312</u>
Common shares at November 30, 2007	18,568,526	3,215,173
Shares issued upon exercise of FT warrants	10,000	3,500
Shares issued upon exercise of WC warrants	226,868	68,060
Shares issued under non-brokered private placement:		
Common shares issued as flow-through shares	1,672,000	2,090,000
Common shares issued	<u>640,500</u>	<u>640,500</u>
Total as at date of this document	<u>21,117,894</u>	<u>\$ 6,017,233</u>

⁽¹⁾ This also resulted in the issuance of 391,540 underlying WC warrants.

In addition to the shares noted above the Company has issued units, warrants and some employee and consultant stock options. The following represents the number of common shares that have been reserved to satisfy the potential future exercise of these securities:

	<u>Number Of Common Shares</u>
FT warrants exercisable at \$0.35 per share until Dec. 8, 2008	1,881,000
WC warrants exercisable at \$0.30 per share until Dec. 8, 2008	2,523,753
Agent's units exercisable at \$0.25 per unit until Dec. 8, 2008	81,773
Underlying WC warrants exercisable at \$0.30 per share until Dec. 8, 2008 ⁽¹⁾	81,773
Underlying WC warrants exercisable at \$0.30 per share until Dec. 8, 2008	571,307
Warrants exercisable at \$1.50 per share until Dec. 31, 2009	1,376,500
Warrants exercisable at \$1.50 per share until Jan. 3, 2010	100,000
Stock options exercisable at \$0.47 until Mar. 27, 2012	1,250,000
Stock options exercisable at \$0.70 until July 6, 2012	150,000
Stock options exercisable at \$0.72 until Oct. 9, 2012	<u>10,000</u>
Total common shares reserved for potential future issuance	<u>8,026,106</u>

⁽¹⁾ These underlying WC warrants will only be issued in the event that the agent's units are exercised.

ROCKCLIFF RESOURCES INC.

Management's Discussion and Analysis
For the Period Ended November 30, 2007
(Prepared as at January 28, 2008)

SUBSEQUENT EVENT:

On December 31, 2007 the Company had a first closing of a non-brokered private placement offering whereby it issued 1,672,000 Flow-Through Units (the "FT Units") and 540,500 Working Capital Units (the "WC Units") for gross proceeds of \$2,630,500. Each FT Unit was priced at \$1.25 and is comprised of one (1) common share of the Company, issued as a 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. Each WC Unit was priced at \$1.00 and is comprised of one (1) common share and one (1) common share purchase warrant of the Company. Each whole warrant entitles the holder to acquire one (1) common share at a price of \$1.50 until December 31, 2009. In the event that the closing price of the Company's common shares on the TSX Venture Exchange is at least \$2.25 for ten (10) consecutive trading days, and the 10th trading day is at least four (4) months from December 31, 2007 then the warrants will expire on the date that is thirty (30) days after the 10th trading day. All shares issued in connection with this financing have been restricted from trading until May 1, 2008.

There was a second, and final, closing of this offering on January 3, 2008 through which the Company issued an additional 100,000 WC units for gross proceeds of \$100,000. The terms and conditions associated with these WC units are identical to those described above, except that certain dates have changed to coincide with the date of this closing. Accordingly, the warrants will expire January 3, 2010, the 10th trading day must be at least four (4) months from January 3, 2008 and the common shares issued are restricted from trading until May 4, 2008.

CHANGES IN ACCOUNTING POLICY

The accounting policies followed by the Company are established in accordance with Canadian 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.

Effective September 1, 2007 the Company adopted the new accounting standards for Financial Instruments, Equity, and Comprehensive Income as required in accordance with Canadian generally accepted accounting principles. These standards introduce new requirements for the recognition, measurement and disclosure of financial instruments, establish the concept of comprehensive income and the rules for reporting it, and introduce new rules for the reporting of equity and the changes therein.

There were no adjustments required as a result of the adoption of these new standards. Furthermore, the Company's comprehensive income for the current period is equal to its net income and there is no balance to be reported as Accumulated other comprehensive income.

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, restricted cash and cash equivalents, accounts 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.

RISK FACTORS (Continued)

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.

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.

RISK FACTORS (Continued)

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.