

ROCKCLIFF RESOURCES INC.

Management's Discussion and Analysis

For the Period Ended May 31, 2008

(Prepared as at July 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 May 31, 2008 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.

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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

The recently concluded fiscal quarter was one in which the Company continued its high level of activity. On April 30, 2008 the Company concluded a brokered private placement offering of its securities that raised net proceeds of \$4,363,287. These funds were required in order to enable the Company to continue to explore its mineral resource properties and to continue to seek other properties of merit. Management has continuously stated its intention to acquire and develop high quality resource properties and the Company will continue to use its securities to obtain the financing necessary to support this objective.

During the fiscal quarter ended May 31, 2008 the Company carried out exploration activities with an aggregate cost of \$1,379,482, net of a \$41,448 government grant received from the Province of Manitoba. During the first nine months of this 2008 fiscal year the Company spent an aggregate of \$4,416,718, on exploration of its mineral resource properties, with the vast majority of this work having been conducted on the properties located in Manitoba. The province of Manitoba has a program under which companies may apply for grants provided they are actively conducting exploration activities within the province. The grant amounts are subject to specified periodic limits, are dependant upon the level of qualified expenditures incurred during the application period, can be reduced on a pro-rata basis if the program is over subscribed, and are subject to verification by the province. The Company anticipates that it will continue to make applications under this program.

During the third quarter the Company paid \$70,000 in option payments as required in order to maintain its option rights on seven properties in or near Snow Lake Manitoba. As at the date of this document the Company has met all of the obligations in order to maintain each of its property options in good standing.

In addition to the option payments described above the Company paid only \$7,976 related to property acquisitions. This amount included the annual renewal of some mineral resource rights granted by HudBay Minerals Inc. and the staking of a few additional land claims near the Jackfish property. Although acquisitions were quite limited during this period it should be noted that the Company continues to seek out additional properties of merit and will acquire these properties if they can be staked or a suitable rights agreement can be negotiated.

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OVERALL PERFORMANCE (continued)

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.

RESULTS OF OPERATIONS

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 periodic losses from operations are a certainty. The reported loss for the three month period ended May 31, 2008 was \$114,469. The reported loss at May 31, 2007 was \$432,876 however this included a charge of \$338,962 attributed to the stock options issued by the Company during the period. Had it not been for this charge the loss would have been a far more comparable \$93,914.

The Company's revenues are currently limited to interest earned on the short-term cash-based investments that it holds. The Company follows the practice of investing cash that it does not anticipate needing for at least the next thirty days into short-term cash-based investments which enabled it to generate \$8,347 in interest revenue during the recently concluded fiscal quarter. This amount is less than the \$12,345 earned during the same period one year earlier. 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.

Consulting fees relate primarily to the administrative services provided by the Company's CEO, V.P. Exploration and CFO and they continue to be the largest individual expense that the Company incurs each period. The CEO and V.P. Exploration are both under contract and split their efforts, and the associated charges, between administrative duties and exploration activities. The CFO provides services on an as-needed basis and the corresponding charges are included in this expense category. The total consulting fees for the quarter ended May 31, 2008 were \$39,611 while the charges for the same period one year earlier were \$26,673. The primary difference is the amount of time that the CEO dedicated to administrative duties is greater this year than it was last year.

Travel and accommodation costs incurred during the quarter ended May 31, 2008 amounted to \$31,166 which is significantly higher than the \$4,989 incurred in the corresponding period in 2007. During the current period the Company sent a number of representatives to an industry tradeshow that was held in Toronto. This multi-day tradeshow and conference is considered to be one of the premier industry shows and it was determined that having a significant presence at this show in 2008 would be advantageous for the Company. In addition to attending the tradeshow, the Company's CEO also spent a significant amount of time away from the office promoting and working with the agents for the financing transaction that closed April 30, 2008. The Company did not close a financing during the third quarter of 2007 and while it sent people to attend the 2007 tradeshow they were only there on a very limited basis.

Professional fees for the period amounted to \$18,428, which is not significantly different than the \$15,876 incurred during the three months ended May 31, 2007. These consist of legal services, which are provided by a legal firm for which one of the Company's directors is a partner, and arise primarily as a result of satisfying the registration, filing and disclosure requirements associated with being a publicly listed company. In addition to these legal services the Company also incurred charges of \$42,327 for services provided by this legal firm that were specifically associated with, and accounted as a cost of, the financing that closed April 30, 2008.

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RESULTS OF OPERATIONS – (continued)

During the three months ended May 31, 2008 the Company has reported filing and regulatory fees of only \$421. It was determined during the current period that certain fees accrued and expensed during the preceding quarter were attributable to the share offering that closed April 30, 2008 and were better accounted for as costs of that offering. Had it not been for the reversal of these accrued amounts the fees for the period would have been \$14,573 or more that the \$9,000 in charges incurred during the third quarter of 2007. This transaction based expense includes all fees related to the issuance of press releases and the provision of shareholder services. It is anticipated that these fees will continue to increase as the number of shareholders and shares issued increase and the Company continues to release news related to its property acquisition and exploration activities.

Insurance costs for the current quarter were \$7,563 or 75% higher than the \$4,320 incurred during the third quarter of 2007. The current period expense is consistent with recent periods and the policies now in place are considered to be both appropriate and adequate for the Company's current level of operations.

The Company incurred no advertising and promotion expense during the third quarter of 2008 which initially appears to be dramatically different when compared to the \$11,225 that was incurred in 2007. A review of the year to date figures however reveals that this is simply a timing difference as the totals for the nine month periods are almost identical at \$12,865 in 2008 versus \$12,218. The Company's promotional activities consist primarily of the acquisition and distribution of promotional items which are recorded entirely in the period of acquisition.

Amortization costs, which amounted to \$16,124 for the period, continue to rise as the Company acquires additional assets. During the quarter ended May 31, 2007 the amortization expense was only \$8,620 meaning that it has increased by 87% in one year. While acquiring assets adds to the depreciable base the periodic amortization is also affected by the nature of the assets acquired. During the current year and period the Company has acquired some specialized computer software that enables better tracking of its exploration activities. Software is depreciated at a 50% rate each year which causes this expense to grow at a faster rate.

The only other expenses incurred during the current period are general and administrative expenses and occupancy costs. Neither is of a significant value nor have they changed appreciably as to either nature or amount in comparison to the prior year.

PROPERTIES

To May 31, 2008 the Company has acquired, and made expenditures on, mineral properties as follows:

	Horwood Property	Shihan VMS Property	Manitoba Properties	Total
Acquisition costs	\$ 2,500	\$ 152,650	\$ 430,989	\$ 586,139
Exploration costs	-	1,085,975	4,536,103	5,622,078
Government grant	-	-	(41,488)	(41,488)
Property abandoned	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>(2,500)</u>
Total costs to date	<u>\$ -</u>	<u>\$ 1,238,625</u>	<u>\$ 4,925,604</u>	<u>\$ 6,164,229</u>

The Manitoba properties can be further subdivided as follows:

	HudBay Properties	Jackfish Property	Tower Property	Other Properties	Manitoba Properties
Acquisition costs	\$ 92,727	\$ 35,800	\$ 206,962	\$ 95,500	\$ 430,989
Government grants	-	-	-	(41,488)	(41,488)
Exploration costs	<u>3,657,175</u>	<u>9,705</u>	<u>-</u>	<u>869,223</u>	<u>4,536,103</u>
Total costs to date	<u>\$ 3,749,902</u>	<u>\$ 45,505</u>	<u>\$ 206,962</u>	<u>\$ 923,235</u>	<u>\$ 4,925,604</u>

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PROPERTIES (continued)

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 include the initial option payments, aggregating \$70,000, that were made March 2008 and the cost of staking claims within the areas of influence of these optioned properties.

LIQUIDITY

Through a private placement offering that closed on April 30, 2008 the Company raised gross proceeds of \$4,775,400. After deduction of agents' fees and expenses, legal fees and disbursements, and regulatory fees the Company received net proceeds of \$4,363,287. As a result of this financing the Company issued 7,025.665 flow through common shares and 933,334 units, with each unit being comprised of one (1) common share and one half (1/2) share purchase warrant. Each full share purchase warrant entitles the holder to acquire an additional common share for \$0.95 until April 30, 2010.

In addition to the financing the Company also received proceeds of \$67,750 as a result of the exercise of 5,000 FT warrants and 220,000 WC warrants.

The Company continues to have available, but did not draw on, a sum of up to \$500,000 that has been made available to it by a director of the Company under a non-interest bearing loan agreement. If the Company were to draw upon this loan then the principal amount would be due on the earlier of November 28, 2008 or thirty days following receipt of a demand notice if demand was made by the creditor.

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 or services. The Company 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:

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

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OFF-BALANCE SHEET ARRANGEMENTS (continued)

During July 2008 the Company issued 75,000 common shares and made a cash payment of \$15,000 in accordance with this agreement. As at the date of this document the Company has satisfied all of the exploration expenditure requirements, has made all cash payments and issued all shares required to date but 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, 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>\$ 1,990,000</u>	<u>\$ 8,800,000</u>

The Company made the cash payment of \$70,000 and satisfied the \$1,000,000 expenditure requirement that were each due by March 2008.

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:

	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 made all cash payments and issued all shares required to date but still must make the option payments of cash and shares noted above.

In accordance with the terms of the option agreement that the Company entered into in February 2008 whereby it will acquire a 70% working interest, subject to a 2% Net Smelter Returns Royalty, in the Tower VMS Property in the Thompson Nickel Belt in Manitoba it is required to make the payments noted below. Each of the cash payments are due on or before February 21 of the year stated while the expenditure targets must be satisfied on or before March 21:

	Cash <u>Payments</u>	Exploration <u>Expenditures</u>
2009	\$ 30,000	\$ ⁽¹⁾
2010	30,000	2,000,000
2011	30,000	-
2012	<u>30,000</u>	<u>2,000,000</u>
	<u>\$ 120,000</u>	<u>\$ 4,000,000</u>

⁽¹⁾ By March 21, 2009 the Company must have completed a minimum of 2,000 metres of diamond drilling, penetrating beyond the Precambrian-Paleozoic boundary.

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OFF-BALANCE SHEET ARRANGEMENTS – (continued)

The Company has also entered into a lease agreement relative to its office facility which is set to expire February 28, 2009 unless the Company opts to renew for an additional five year period at prevailing market rates or negotiates a new lease. The minimum annual payments due under this lease are as follows:

To expiration February 28, 2009 \$ 10,350

With the exception of the 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 May 31, 2008 a total of \$58,533 (Feb. 28, 2007 - \$4,332) is included in accounts payable and accrued liabilities as a result of these transactions which arose during the six month periods ended:

		May 31 <u>2008</u>	May 31 <u>2007</u>
Lapierre	Exploration expenditures	\$ 13,717	\$ 77,357
Lapierre	Consulting fees and expenses	118,139	46,753
Geodigital	Exploration expenditures	257,469	161,368
Geodigital	Consulting fees and expenses	15,006	8,772
Gardiner	Cost of share issuance	62,575	-
Gardiner	Professional fees	75,370	120,079
Lowe	Interest accretion	9,018	-
MDI	Consulting fees and expenses	30,264	19,312

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

CONVERTIBLE INSTRUMENTS AND OTHER SECURITIES

The Company has the following securities issued:

	<u>Quantity</u>	<u>Amount</u>
Common shares as at August 31, 2006	7,320,000	\$ 709,500
Flow through shares issued through initial public offering	4,000,000	1,200,000
Less: estimated income tax value of expenditures renounced		(433,368)
Common shares issued through initial public offering	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	<u>979,499</u>	<u>293,850</u>
Balance forward to next page	<u>16,853,749</u>	<u>2,704,363</u>

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CONVERTIBLE INSTRUMENTS AND OTHER SECURITIES (continued)

Balance forward from previous page	16,853,749	2,704,363
Shares issued upon exercise of agent's units	366,687	91,672
Less: value attributed to associated warrants		(32,881)
Shares issued upon exercise of underlying WC warrants	95,860	28,758
Plus: value attributed to warrants		<u>7,979</u>
Common shares at August 31, 2007	17,316,296	2,799,891
Flow through shares issued through private placement offering	1,672,000	2,090,000
Less: estimated income tax value of expenditures renounced		(754,908)
Less: value attributed to associated warrants		(165,068)
Common shares issued through private placement offering	640,500	640,500
Less: expenses associated with offering		(30,650)
Less: value attributed to associated warrants		(190,248)
Flow through shares issued through private placement offering	7,025,665	4,215,399
Less: estimated income tax value of expenditures renounced		(1,522,602)
Common shares issued through private placement offering	933,334	560,000
Less: expenses associated with offering		(463,732)
Less: value attributed to associated warrants		(8,672)
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	44,750	15,663
Shares issued upon exercise of WC warrants	1,128,768	338,630
Shares issued upon exercise of agent's units ⁽¹⁾	391,540	97,885
Less: value attributed to associated warrants		(38,911)
Shares issued upon exercise of underlying WC warrants	91,040	27,312
Plus: value attributed to warrants		<u>8,618</u>
Common shares at May 31, 2008	29,313,893	7,672,907
Shares issued under property options	<u>75,000</u>	<u>44,250</u>
Total as at date of this document	<u>29,388,893</u>	<u>\$ 7,717,157</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	1,876,000
WC warrants exercisable at \$0.30 per share until Dec. 8, 2008	2,291,753
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
Warrants exercisable at \$1.50 per share until Feb. 20, 2010	1,250,000
Warrants exercisable at \$0.95 per share until Apr. 30, 2010	466,666
Warrants exercisable at \$0.95 per share until Apr. 30, 2010	477,540
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>9,983,312</u>

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CONVERTIBLE INSTRUMENTS AND OTHER SECURITIES (continued)

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

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.

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.