The following discussion of financial condition, changes in financial condition and results of operations has been prepared by the Company's management. This document is intended to accompany the financial statements as at August 31, 2009 and should be read in conjunction with those financial statements. Additional information about the Company can be found at www.sedar.com.

FORWARD LOOKING INFORMATION

This Management's Discussion & Analysis (MD&A) contains forward-looking statements that involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company, or the industry in which it operates, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this document, the words "may", "should", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" the negative thereof, other variations thereon, or comparable terminology are intended to identify forward-looking statements. Such forward-looking statements reflect the current expectations of the management of the Company with respect to future events based on currently available information 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 summarized below under the heading "Risk Factors" and 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. The forward-looking statements contained in this MD&A speak only as of the date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law. Stakeholders are cautioned not to put undue reliance on such forward-looking statements.

OVERVIEW

The Company operates a single business segment which is engaged in the exploration for base and precious metals in Manitoba and Ontario. The Company held its annual general meeting on June 2, 2009 at which time the following individuals were elected to the Board. Following the annual general meeting the new Board held its inaugural meeting at which time the following individuals were appointed as Officers of the Company and to the sub-committees of the Board:

Name	Position(s) Held
Ken Lapierre, P. Geo	Director, CEO, President
Peter Wood, P.Eng., P. Geo.	Director, VP Exploration
William R. Johnstone, LL.B (1)(2)	Director, Corporate Secretary
Tim Campbell (1) (2)	Director
Denis Arsenault, C.A. (1) (2)	Director
Mike Kindy, C.A.	CFO

(1) Member of the Company's Audit Committee
(2) Member of the Company's Compensation Committee

CORPORATE PERFORMANCE

The 2009 fiscal year was a period in which the Company made strategic progress towards achieving its stated objective of being a mine finder. The strategy utilized was devised by assessing the Company's financial resources, financial commitments and the prevailing economic conditions. Management is confident that this strategy has resulted in the Company being in a good position entering 2010 to maximize shareholder value and to reassert itself in the exploration of its properties.

CORPORATE PERFORMANCE - (continued)

Management was very much aware that the uncertain economic conditions which prevailed throughout the 2009 fiscal year made it a less than optimal time to obtain financing. While the Company continued receiving statements of interest from potential investors there was no doubt that there had been a general reduction in the amount of available market financing. This combination of reduced supply, increased market risk, and declining share prices served to make financing too expensive a proposition at the time. By employing a less aggressive exploration strategy and utilizing existing financial reserves the Company successfully eliminated the need to raise any additional financing during the 2009 fiscal year.

The ability to defer raising money in the market, and the progress the Company made during this period, appear to have been well received. Subsequent to the end of the 2009 year the Company completed a $500,000 private placement financing which was oversubscribed. In November 2009 the Company announced that it was undertaking another non-brokered private placement financing intended to raise gross proceeds of $2,500,000. This financing was also oversubscribed and caused the Company to announce that it has expanded the placement to now raise a maximum of $3,000,000. This $3,000,000 financing has recently closed and was also oversubscribed. The success of these financings would appear to serve as an endorsement of the Company's achievements to date and its plan going forward.

The 2009 exploration program was much less aggressive than was undertaken in 2008 and it had to be strategically devised. Throughout 2009 the Company held ten mineral resource properties under option including nine that required option payments, six that had minimum exploration expenditure targets maturing within the year, and eight that have future minimum exploration expenditure targets. The tenth property is situated in an area that is the subject of a dispute between the province of Manitoba and a First Nations group and this dispute has caused a deferral of all obligations arising as a result of the option agreement. Each of these ten properties continues to be a property of significant interest to the Company so the 2009 plan was devised to enable each of these commitments to be satisfied. All option payments required during the year were satisfied and the exploration completed during 2009 not only fulfilled the 2009 minimum requirements but also extinguished all future commitments on one of the properties. Each of the ten properties remains in good standing and the Company expects to satisfy all remaining option requirements.

In addition to the constraints arising from the option agreements, the Company began the 2009 fiscal year with an outstanding commitment of $3,321,879 that arose as a consequence of a flow-through financing that was completed April 2008. This represents the minimum payments the Company must make before December 31, 2009 with respect to the exploration of its mineral resource properties. Qualifying payments aggregating $2,110,745 were made during the 2009 fiscal year thereby reducing this obligation to $1,211,134 as at August 31, 2009. The current exploration program was devised to ensure this remaining commitment could be satisfied and, in fact, it has been as of the date of this document.

In addition to completing its strategic 2009 exploration program the Company evaluated its exploration data and property holdings. The data review not only reaffirmed the Company's interest in the ten properties under option but also allowed the Company to rank and refine the targets for future exploration and, by extension, the land rights held under Mineral Exploration licenses granted by the province of Manitoba. These licenses granted the Company the exclusive right to explore the land contained within their boundaries, provided they met minimum exploration targets, until such time that either specific claims were staked or the licenses were surrendered. During the year the Company staked the specific areas that it was interested in exploring further then surrendered the licenses. This resulted in a charge of $406,059 against income in 2009 however it also achieved relief from commitments that the Company was not interested in satisfying and secured a refund of deposits that had been paid in order to acquire the licenses.

CORPORATE PERFORMANCE - (continued)

Although the data evaluation led to a reduction in land holdings this was not the Company's objective. In fact, management continuously investigates the possibility of acquiring additional properties of interest. These investigations did not lead to any land acquisitions during the 2009 fiscal year however they did lead to acquisitions that have been announced since the year concluded. In November 2009 the Company announced that it had entered into option agreements that entitle it to earn a 100% interest, subject to net smelter returns royalties, in three properties aggregating approximately 2,119 hectares. In December, the Company staked additional ground adjacent to the three properties totaling 3,098 hectares. The size of the combined property stands at 5,217 hectares and the property includes a former producing gold mine and gold will be the primary focus. These properties are located near west of Snow Lake, Manitoba and in reasonably close proximity to the Company's VMS properties.

The Company's management is very enthused about the future as the 2010 fiscal year commences. With streamlined VMS land holdings, a focused exploration plan, and new gold opportunities arising from recent land acquisitions management believes that the prospects for success have never been better. The start to 2010 has fueled this enthusiasm with the successful completion of two financings and the announcement of very favourable results from its initial drilling activities. While the Company's exploration activities remain entirely prospective, and the Company remains reliant on its ability to raise sufficient financing to fund its exploration activities, optimism continues to be the dominant sentiment.

SELECTED FINANCIAL DATA

	For the fiscal years ended:		
	Aug. 09	Aug. 08	Aug. 07
Revenues	27,921	27,756	42,907
Net income (loss) from operations	(866,654)	(560,029)	(817,877)
Per share	(0.03)	(0.02)	(0.06)
Net income (loss) for the period	(776,854)	322,637	(817,877)
Per share	(0.03)	0.01	(0.06)
Mineral resource properties	8,429,401	7,093,292	1,374,661
Total assets	9,454,402	10,383,078	2,926,908
Total liabilities	1,798,445	2,117,672	574,625

	For the three month periods ended:			
	Aug. 09	May 09	Feb. 09	Nov. 08
Revenues	408	4,336	10,653	12,524
Net income (loss) from operations	(262,589)	(207,359)	(337,957)	(58,749)
Per share	(0.01)	(0.01)	(0. 01)	(0.00)
Net income (loss) for the period	(289,299)	(254,092)	(223,606)	(9,857)
Per share	(0.01)	(0.01)	(0. 01)	0.03
Mineral resource properties	8,429,401	8,366,704	7,953,480	7,712,891
Total assets	9,454,402	9,518,606	9,843,645	10,122,662
Total liabilities	1,798,445	1,734,755	1,805,702	1,861,113
	Aug. 08	May 08	Feb. 08	Nov. 07
Revenues	19,900	8,347	5,144	(5,635)
Net income (loss) from operations	(56,484)	(114,469)	(231,479)	(157,597)
Per share	(0.00)	(0.00)	(0.01)	(0.01)
Net income (loss) for the period	826,182	(114,469)	(231,479)	(157,597)
Per share	0.03	(0.00)	(0.01)	(0.01)
Mineral resource properties	7,093,292	6,164,229	4,748,259	2,094,454
Total assets	10,383,078	10,368,376	7,857,926	3,746,565
Total liabilities	2,117,672	3,009,915	3,023,431	1,147,655

The Company reported no long-term financial liabilities or dividends during the periods noted above.

RESULTS OF OPERATIONS

Throughout the 2009 fiscal year the Company continued exploration and evaluation of its mineral resource properties. Since each of these properties remains at a relatively early stage of development the Company continued to have no source of operating revenue. Some incidental revenue is generated however, as modest amounts of interest is earned by investing cash reserves in short-term interest bearing instruments. The interest earned during the 2009 year amounted to $27,921 which is almost identical to the $27,756 earned during the 2008 fiscal year. The amount of interest realized in a given period is dependant upon the amount of cash reserves available to invest, the duration for which it remains invested and the prevailing market rates of interest. These factors combined to result in only $408 in interest being earned during the final quarter of 2009. In contrast there was more cash available to invest for longer periods during the fourth quarter of 2008 thereby generating $19,900 in interest. There is no means of predicting the amount of interest that may be earned, if any, in any future period however the Company will continue to acquire interest bearing instruments whenever cash flow permits.

This virtual absence of revenues means that operating losses are assured. Accordingly the Company has reported operating losses in each and every fiscal period that it has operated. During the final quarter of 2009 the operating loss amounted to $262,589 thereby raising the loss for the year to $866,654. The losses reported during the comparable periods of 2008 were $56,484 and $560,029 respectively. The apparent disparity between these loss figures is attributed to the numerous expenses which varied from period to period and not to any variation in the underlying nature of the Company's operations.

In each fiscal period the Company's net income or loss for the year varies from the reported operating losses as a consequence of the provision for, or recovery of, future income taxes. The Company's future income tax liability arises due to differences between the accounting recognition and income tax recognition of amounts expended to acquire and explore the Company's mineral resource properties. In the final quarter of 2008, and for the 2008 fiscal year, the Company reported a future income tax recovery of $882,666. In contrast, the Company reported a future tax recovery of only $89,800 for the 2009 fiscal year including a provision of $25,710 in the final quarter. The amount of provision or recovery to be recognized in future periods will vary in accordance with the timing and nature of applicable expenditures and variations in the legislated rates of taxation.

The largest individual expense reported for the 2009 fiscal year was the $406,059 charge to income that arose upon the surrender of the Mineral Exploration Licenses. None of this expense arose during the final quarter however as the evaluation and surrender process was completed before that quarter began. The Company had last abandoned a property during the first quarter of 2008 and that resulted in a charge of $2,500 against 2008 income. The Company continually evaluates the progress on each of its properties to ensure that both retention and further exploration is appropriate, and that there are no existing conditions that suggest that the cumulative costs incurred will not be recoverable. This evaluation has been applied to each of the Company's properties and no further charges against income are warranted as at the date of this document.

The $161,405 in stock option compensation expense reported during the fourth quarter of 2009 represents the largest individual expenses for that period. Stock option compensation expense arises each time that the Company grants stock options. The most recent grant made prior to the fourth quarter of 2009 was made during the first quarter of 2008 and resulted in the recognition of $4,826 in compensation expense. There is no commitment for the granting of stock options and accordingly the timing, quantity and exercise price is at the discretion of the Company's Board of Directors, subject to certain legislative constraints. The amount of compensation expense to be reported at the time of each grant is determined using the Black-Scholes valuation model and is dependent upon many factors that are beyond the Company's control. Additional stock options have been granted subsequent to the year end and will give rise to compensation expense in the first quarter of 2010. The timing of future grants is not currently known and accordingly it is infeasible to predict the amount, if any, of compensation expenses that will arise in future periods.

RESULTS OF OPERATIONS - (continued)

Professional fees incurred by the Company in 2009 amounted to $102,466 which is very similar to the total of $109,225 that arose in the 2008 fiscal year. The timing of these expenses has varied however with $52,565 incurred during the fourth quarter of 2009 compared to $13,190 that arose in the final quarter of 2008. The reason for this inconsistency is that the Company incurred certain legal costs earlier in the 2009 fiscal year in preparation for a potential financing. These charges were carried as a prepaid expense pending the completion or abandonment of the proposed transaction. The financing was being contemplated as a means of ensuring that sufficient cash resources were available to satisfy commitments to make option payments and to maintain the Company's exploration activities. The Company was successful in deferring some of the required option payments and maintaining its exploration schedule which eliminated the need for the proposed financing. This caused the associated legal costs of $34,879 to be charged against income in the final quarter. It is also noteworthy that fees amounting to $10,200 were incurred during 2009 for the auditors' involvement with quarterly reports in preparation for that proposed financing.

The amount of consulting services utilized by the Company dropped quite significantly in 2009 as the associated costs fell to $44,600 for the year including $10,992 incurred during the fourth quarter. In contrast the total for the 2008 fiscal year was $157,643 including $17,245 arising during the final three months. The primary components of this expense are the fees charged by the Company's CEO and CFO for the administrative services they provide. The CFO fees remained fairly comparable at $35,398 in 2009 as compared to $38,313 in 2008 however the CEO's administrative activities, and the associated fees, dropped dramatically. As previously noted, there was a significant emphasis beginning late in 2008 and throughout 2009 on the examination of exploration data and the evaluation of mineral resource properties. Given his experience and expertise in these areas the CEO, a professional geologist, devoted the majority of his time to these undertakings. The CEO does continue as the primary administrator for the Company however and will devote the time necessary to ensure that this aspect of operations is maintained. Considering that since the end of the 2009 fiscal year the Company has concluded one financing, announced another, and completed the acquisition of a gold property it would seem reasonable to assume that these administrative charges will increase, to some degree, in 2010.

With the decline in administrative activities the Company also achieved reductions in general and administrative expenses, travel and accommodation, and advertising and promotion. With a reduction from $130,576 to $55,528 the savings realized in these categories aggregated $75,048 or over 57%. Almost one half of this 2008 total, and more than one half of the reduction realized in 2009, are attributable to travel and accommodation where costs fell from $63,975 to $19,807. This was accomplished while maintaining the corporate head office in Sudbury, Ontario while a significant portion of administrative activities occur in the Toronto area. This was a primary factor in the decision to relocate the corporate office to Toronto shortly after the conclusion of the 2009 fiscal year. Although each of these three cost categories will rise and fall in correlation with administrative activities increase, it is expected that the office relocation will provide a permanent reduction in the expenses related to travel.

Insurance costs, at $29,802 for 2009 as compared to $30,805 for 2008, and occupancy costs of $19,814 versus $18,758 have each remained consistent from period to period. These costs are relatively fixed in nature and do not typically vary with the level of administrative activity. Insurance requirements are expected to remain fairly constant as the Company moves into 2010 so any variation will be likely be attributed to changes in the rates. Occupancy costs are also expected to remain fairly comparable as the Toronto office is smaller than the space occupied in Sudbury thereby keeping rental rates low. The Company does have some ability to increase the area it occupies in Toronto, if the need arises, and should this occur then costs may increase.

RESULTS OF OPERATIONS - (continued)

Regulatory and transfer agent fees were also much lower in 2009 than they were in 2008 reflecting the decline in associated activities. Costs include listing fees with stock exchanges, fees for registrations with the corporate registrar and transfer agent, and fees for the issuance of news releases. While listing fees remain relatively comparable from year to year the others are transaction based and are the primary reason for the decline. During the 2008 fiscal year there were thirty one news releases and more than fifty share issuances from treasury including two financings which each required multiple registrations. In contrast there was a single share issuance during 2009 and only 11 news releases issued. It is anticipated that fees will rise again in 2010 as there have already been 9 news releases and multiple share issuances, including a financing, since the end of the year.

Amortization costs amounted to $52,326 for the 2009 fiscal year and $14,192 for the fourth quarter, each of which are comparable to the 2008 figures of $57,283 and $15,923. There was only $3,128 in new equipment acquisitions during 2009 leading to the stabilizing of amortization amounts. In 2010 there will be some additional amortization costs and losses on disposal of assets arising as a result of the relocation of the office from Sudbury to Toronto. There are no immediate plans to add more equipment however the Company is constantly evaluating its need to do so and further acquisitions will occur when management considers it prudent.

The only other cost incurred during these periods was interest accretion. This expense arises when interest charged on financial obligations are below market rates and effectively adjusts the expenses to be what would have been charged at market rates. The expense arose during the first six months of the 2008 fiscal year when the Company reported accretion in the amount of $9,018 due to having received an interest-free loan from a related party. The loan was subsequently repaid and no further accretion has occurred since that time or is expected to occur in the immediate future.

Management remains aware that finances devoted to operating expenses are necessary but that they must be controlled at all times in order to ensure that the maximum amount available is directed towards the acquisition and exploration of its mineral resource properties..

PROPERTIES

To August 31, 2009 the Company has acquired, and made expenditures on, mineral properties as follows:

	Horwood Property	Shihan VMS Property	Manitoba Properties	Total
Acquisition costs	$ 2,500	$ 236,900	$ 453,010	$ 692,410
Exploration costs	-	1,106,655	7,244,534	8,351,189
Government grant	-	-	(205,639)	(205,639)
Properties abandoned	(2,500)	-	(406,059)	(408,559)
Total costs to date	$ -	$ 1,343,555	$ 7,085,846	$ 8,429,401

The Manitoba properties can be further subdivided as follows:

	HudBay Properties	Jackfish Property	Tower Property	Other Properties	Manitoba Properties
Acquisition costs	$ 93,448	$ 54,300	$ 206,962	$ 98,300	$ 453,010
Exploration costs	5,140,023	646,453	420	1,457,638	7,244,534
Government grants	(129,836)	(8,098)	-	(67,705)	(205,639)
Properties abandoned	-	-	-	(406,059)	(406,059)
Total costs to date	$ 5,103,635	$ 692,655	$ 207,382	$ 1,082,174	$ 7,085,846

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, each of which is governed by its own option agreement. The acquisition costs noted above include the initial option payments of $10,000 per property, or $70,000 in total, plus the cost of staking claims within the areas of influence of these properties. Each option agreement requires three additional option payments, due on the anniversaries of the signing of the agreements. The Company renegotiated the terms of these remaining option payments such that the amounts that were due March 2009 through March 2011 have each been deferred by one year. The final option payment was increased by $125,000 as compensation for granting this revision.. The exploration commitment contained in each of these option agreements remains unchanged. The Company has satisfied all of the exploration expenditure requirements to date.

The Other Properties noted above include all amounts related to properties which the Company holds as a result of having staked claims. The exploration expenditures as listed also include $406,059 related to exploration conducted on the mineral exploration licenses (MEL) that were surrendered without the Company having staked any land claims.

As at August 31, 2009, and as at the date of this document, each of the Company's resource property options are in good standing and all future obligations related to these options are expected to be satisfied.

The Company recently satisfied all remaining terms of the option agreement covering the Shihan VMS property and exercised that option thereby securing its 100% interest, subject to a net smelter returns royalty in favour of the vendors. The Company is evaluating its opportunities relative to this property while it is conducting work programs on its Manitoba properties.

LIQUIDITY

The Company did not complete any financing transactions during the 2009 fiscal year. In fact, the only shares issued during the year were a payment of 20,000 common shares as required in accordance with an option agreement covering one of the Company's mineral resource properties.. Prior to the date of this document however the Company has completed two private placement financings and raised aggregate gross proceeds of $3,500,000.

The first financing was completed in November and the Company issued 5,000,000 working capital units for gross proceeds of $500,000. Each working capital unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.15 until April 9, 2011. The Company also paid finders' fees in the amount of $36,000 plus 450,000 compensation units. The units are exercisable at $0.10 per unit until April 9, 2011 and have the same composition as the working capital units described above.

In the second financing, completed in December, the Company issued a combination of flow-through units and working capital units for gross proceeds of $3,000,000. The offering was comprised of 8,000,000 flow-through units at a price of $0.25 each and 5,000,000 working capital units at a price of $0.20 each. Each flow-through unit is comprised of one common share and one-half share purchase warrant while each working capital unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder to acquire an additional common share of the Company at a price of $0.40 until June 18, 2011.

LIQUIDITY – (continued)

Since the Company currently has no source of revenues or other means of generating cash from operations it will 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 which are expected to be required in order to satisfy the Company's exploration and operating commitments.

CAPITAL RESOURCES

The Company has not entered into any commitments to acquire equipment however it does have exploration expenditure and option payment commitments, as described in the following section, which 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 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. All Expenditure requirements were met and the final payment of $25,000 due July 14, 2009 was settled after the year end through the issuance of 333,334 common shares. Upon issuance of these shares all terms of the option agreement had been satisfied and the Company had secured its interests.

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

	Cash Payments	Exploration Expenditures
March 22, 2010	$ 125,000	2,150,000
March 22, 2011	390,000	4,100,000
March 22, 2012	1,600,000	-
	$ 2,115,000	$ 6,250,000

As at the date of this document, the Company has satisfied all obligations that have come due in accordance with these agreements. In addition to the amounts noted above the Company has already satisfied $1,250,000 in future exploration expenditure commitments, representing 100% of the remaining commitment for one of the seven properties.

In September 2007 the Company entered into an option agreement to 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. In accordance with the terms of the agreement, the Company is required to make the following payments on or before the following dates

	Cash Payments	Common Shares
September 17, 2009	$ 15,000	-
September 17, 2010	17,500	20,000
September 17, 2011	45,000	20,000
	$ 77,500	40,000

OFF-BALANCE SHEET ARRANGEMENTS - (continued)

The Company has the right to make the $15,000 payment that came due September 2009 at any time prior to September 17, 2010 and to make payment in either cash or common shares. As at the date of this document this payment had not yet been made however it is anticipated that a cash payment will be made January 2010. During September 2009 the Company issued 20,000 common shares thereby satisfying all payment terms required to date. As at August 31, 2009 the Company had spent $646,653 on exploration which is sufficient to satisfy 100% of the expenditure requirements stipulated in the agreement.

In February 2008 the Company entered into an option agreement to 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. In accordance with the terms of the agreement, the Company is required to make the payments noted below. A dispute between the Manitoba government and a First Nations tribe has led to a cessation of the timeline for the following payments and expenditure commitments. This timeline will commence when the dispute is resolved.

	Cash Payments	Exploration Expenditures
First year	$ 30,000	$ [1]
Second year	30,000	2,000,000
Third year	30,000	-
Fourth year	30,000	2,000,000
	$ 120,000	$ 4,000,000

[1] The Company must have completed a minimum of 2,000 metres of diamond drilling, penetrating beyond the Precambrian-Paleozoic boundary.

Subsequent to the balance sheet date the company vacated its previous office location and relocated to Toronto, Ontario. This new office has been leased for a period of one year at a cost of $1,000 per month.

In accordance with the terms of the financing transaction completed in April 2008 the Company is required to incur and pay for aggregate exploration expenditures on its mineral resource properties in the amount of $4,215,399. As at August 31, 2009 the total expenditures incurred in accordance with this commitment were $3,037,567 of which $3,004,265 had been paid and $33,302 were included in accounts payable. The Company fully anticipates the balance of this commitment to be satisfied on or before December 31, 2009.

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") was a Director of the Company until June 2, 2009
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 August 31, 2009 a total of $22,756 (2008 - $35,360) is included in accounts payable and accrued liabilities as a result of these transactions:

TRANSACTIONS WITH RELATED PARTIES – (continued)

		2009	2008
Lapierre	Exploration expenditures	$ 188,909	$ 58,146
Lapierre	Consulting fees and expenses	8,702	126,582
Geodigital	Exploration expenditures	196,526	325,889
Geodigital	Expenses	-	15,982
Gardiner	Cost of share issuance	-	62,575
Gardiner	Professional fees	71,620	83,253
Lowe	Interest accretion	-	9,018
MDI	Consulting fees and expenses	35,398	38,313

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

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 and the amounts recorded as a reduction thereto:

	Quantity	Amount
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		(1,486,089)
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	95,000	58,050
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		8,618
Common shares at August 31, 2008	29,388,893	7,753,670
Shares issued for mining properties or rights	20,000	6,000
Common shares at August 31, 2009	29,408,893	7,759,670
Shares issued for mining property rights	110,000	17,400
Shares issued in settlement of obligation	333,334	25,000
Shares issued for private placements (2)	18,000,000	3,500,000
Less: expenses associated with offering (3)		(404,909)
Less: value attributed to associated warrants (3)		(695,417)
Common shares as at the date of this document	47,852,227	$10,201,744

(1) This also resulted in the issuance of 391,540 underlying WC warrants.
(2) This also resulted in the issuance of 14,000,000 share purchase warrants and 1,467,500 compensation units.
(3) Amounts estimated based upon information available as at the date of this document.

CONVERTIBLE INSTRUMENTS AND OTHER SECURITIES (continued)

In addition to the shares noted above the Company has issued units, warrants, employee and consultant stock options, and made commitments to issue shares under certain options on mineral resource properties. The following represents the number of common shares that have been reserved to satisfy the potential future exercise and issuance of these securities:

	Number Of Common Shares
Property option payment due no later than Sept. 17, 2009	20,000
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
Property option payment due no later than Sept. 17, 2010	20,000
Property option payment due no later than Sept. 17, 2011	20,000
Stock options exercisable at $0.47 until Mar. 27, 2012	1,100,000
Stock options exercisable at $0.70 until July 6, 2012	100,000
Stock options exercisable at $0.15 until June 17, 2014	1,400,000
Total common shares reserved as at Aug. 31, 2009	6,330,706
Shares reserved under new property options	450,000
Shares issued under property options	(110,000)
Stock options exercisable at $0.20 until Sept. 30, 2014	50,000
Stock options exercisable at $0.20 until Oct. 19, 2014	250,000
Compensation units exercisable at $0.10 per unit until Apr. 9, 2011	450,000
Warrants exercisable at $0.15 per share until Apr. 9, 2011 (1)	5,450,000
Warrants exercisable at $0.40 per share until June 18, 2011	9,000,000
Compensation units exercisable at $0.20 per unit until June 18, 2011	1,017,500
Total common shares reserved as at the date of this document	22,888,206

(1) Includes 450,000 warrants which will only be issued in the event that the compensation units are exercised.

Common shares issued at August 31, 2009	29,408,893
Common shares reserved at August 31, 2009	6,330,706
Fully diluted number of common shares as at Aug. 31, 2009	35,739,599
Shares issued after August 31, 2009	18,443,334
Shares reserved after August 31, 2009	16,667,500
Shares issued after August 31, 2009 that were previously reserved	(110,000)
Fully diluted number of common shares as at the date of this document	70,740,433

CONVERTIBLE INSTRUMENTS AND OTHER SECURITIES (continued)

The following provides additional information relative to the stock options and share purchase warrants:

Description	Common Shares Under Option	Weighted Average Exercise Price	Weighted Average Expiry Date
Outstanding Aug. 31, 2008	1,410,000 (1)	$0.50	Apr. 8, 2012
Granted during year	1,400,000 (1)	$0.15	June 17, 2014
Expired during year	(150,000) (2)	$0.47	Mar. 27, 2012
Expired during year	(50,000) (3)	$0.70	July 6, 2012
Expired during year	(10,000) (3)	$0.72	Oct. 9, 2012
Outstanding Aug. 31, 2009	2,600,000	$0.31	June 11, 2013
Granted after the end of the year	50,000	$0.20	Sept. 30, 2014
Granted after the end of the year	250,000 (1)	$0.20	Oct. 19, 2014
Outstanding as at the date of this document	2,900,000 (4)	$0.50	July 31, 2013

(1) Each of these options is held by a Director or Officer of the Company.
(2) These options expired as a consequence of a former Director not standing for re-election
(3) These options expired as a consequence of the termination of consulting services.
(4) Each of these options has vested and is currently available to be exercised at the holders' discretion.

Description	Number of Warrants	Weighted Average Exercise Price	Weighted Average Expiry Date
Outstanding Aug. 31, 2008	8,491,539	$0.77	June 14, 2009
Expired during the year	(4,820,833)	$0.32	Dec. 8, 2008
Outstanding Aug. 31, 2009	3,670,706	$1.36	Feb. 17, 2010
Issued after the end of the year	5,000,000	$0.15	Apr. 9, 2011
Issued after the end of the year	9,000,000	$0.40	June 18, 2011
Outstanding as at the date of this document	17,670,706	$0.53	Feb. 17, 2011

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 be revised unless Canadian GAAP changes.

Effective September 1, 2008 the Company adopted the following new accounting standards:

Financial instruments – Disclosure and presentation:
CICA Handbook Sections 3862, "Financial Instruments – Disclosures" and 3863, "Financial Instruments – Presentation" replace Handbook Section 3861, "Financial Instruments - Disclosure and Presentation", revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The adoption of these sections had no significant impact on the Company's financial statements.

Capital disclosures:

CICA Handbook Section 1535, "Capital Disclosures", requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. The adoption of this section had no significant impact on the Company's consolidated financial statements.

Future accounting pronouncements:

The Company will adopt new accounting policies, or alter existing policies, in accordance with pronounced changes in Canadian GAAP. The following represent the pronounced changes that will affect future periods.

CHANGES IN ACCOUNTING POLICY - continued

International financial reporting standards (IFRS):
The Canadian Institute of Chartered Accountants' Accounting Standards Board has announced that Canadian publicly accountable enterprises will adopt IFRS as issued by the International Accounting Standards Board effective for fiscal years beginning on or after January 1, 2011. While early adoption is permitted the Company has opted not to utilize this option and therefore will commence with the fiscal quarter ended November 30, 2011 with comparative figures. The Corporation is in the process of developing a plan for the implementation of IFRS, and it is expected that this plan will take into consideration, amongst other things:

(a) Identification of differences in Canadian GAAP and IFRS accounting policies and choices and their impacts on the Corporation's financial statements.
(b) Selection of the Corporation's continuing IFRS policies.
(c) Changes in note disclosures.
(d) Information technology and data system requirements.
(e) Disclosure controls and procedures, including investor relations and external communications plans related to the IFRS conversion.
(f) Identification of impacts of IFRS conversion on Internal Controls over Financial Reporting.
(g) Financial reporting expertise requirements, including training of personnel.
(h) Impacts on other business activities that may be influenced by GAAP measures, such as debt covenants.

It is not practically possible at this time to quantify the impact of these differences. The Corporation expects to make changes to processes and systems in time to enable the Corporation to record transactions under IFRS for the fiscal year ending August 31, 2011 and ensure that they may be presented for comparative purposes in all fiscal 2012 financial reporting.

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

The Company is exposed to credit risk and liquidity risk. The Company's primary risk management objective is to protect assets, earnings and cash flow and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure that the Company's risks and the related exposure are consistent with its business objectives and risk tolerance. There have been no changes to the risks to which the Company is exposed or to the corresponding risk management strategies during the current period.

Credit risk:
The Company's accounts receivable include amounts that are recoverable on account of goods and services taxes. These amounts are subject to verification through audits that may be conducted by Canada Revenue Agency. The accounts receivable do not contain any past due amounts and the Company has no history of bad debts.

Liquidity risk:
The Company currently has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it to enable it to meet its obligations as they become due. Although the Company has been successful in the past in financing its activities, there can be no assurance that it will be able to do so in the future.

RISK FACTORS – (continued)

In addition to the financial risks noted above there are many additional risks that could affect the Company's business prospects. They include, but are not limited to, general economic risk, exploration risk, financing risk, fluctuating prices, competition in the marketplace, environmental regulations, government regulations, and title matters.

General economic risk:

Recent events have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, events seemingly unrelated to us, or to our industry, may adversely affect us, over time, in ways that are hard to predict or defend against. Reduction in credit, combined with reduced economic activity and the fluctuations in domestic and international currency rates, may adversely affect businesses and industries that purchase commodities, thereby affecting mineral prices in more significant and unpredictable ways than the normal risks associated with mineral prices. Also, these same economic conditions may adversely affect the businesses and industries that we engage in connection with our exploration activities. As a result, the availability of these services may be reduced, the cost of obtaining them may rise, and the terms on which they are provided may be altered. Furthermore, the adverse effects on the capital markets may generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on our business, operating results, and financial condition.

Competition in the marketplace:

The mining industry is intensely competitive in all phases of exploration, development and production and the Company competes with many entities possessing greater financial and technical resources. Competition in the mining industry is primarily for mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine base metals, but conduct refining and marketing operations on a global basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. There is no assurance that even if commercial quantities of minerals are discovered, a ready market will exist for their sale. Factors beyond the control of the Company may affect the marketability of any minerals discovered. These factors include market fluctuations, the proximity and capacity of commercial markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or issuing its investment capital. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future.

Fluctuating prices:

The price of gold and other metals fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, global and regional consumption patterns, the world supply of and demand for mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The effect of these factors cannot be accurately predicted. Future price declines could impact on the viability of the Company's exploration projects.

RISK FACTORS – (continued)

Exploration risk:

Mineral exploration and development involve a high degree of risk that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The properties, in which the Company has an interest or the right to acquire an interest, are in the early exploration stage and are without either resources or reserves. The Company's exploration programs are an exploratory search for mineral deposits and development will only follow upon obtaining satisfactory results. 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 discovery of any commercially viable mineral deposits or that the Company will possess sufficient resources to develop these deposits if they are discovered. The commercial viability of a mineral deposit depends on a number of factors which include, but are not limited to, location, size, grade, and geometry of the deposit, availability of experienced labourers, proximity to existing infrastructure, mineral prices and government regulations, including environmental restrictions. Most of these factors are beyond the control of the Company.

Financing risk:

The exploration and development of the Company's properties, and the growth of the Company, will require substantial additional financing. The Company's properties are each in an early stage of exploration and as a result are without resources or reserves and the Company has no source of operating cash flow. Failure to obtain sufficient financing could result in a delay or indefinite postponement of further exploration on any or all of the Company's properties, the loss of a property interest, or the Company's ability to continue as a going concern. Although the Company has been successful in the past in financing its activities through the sale of equity securities, it has no assurance that additional funding will be available to it when needed 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.

Environmental regulations:

All phases of the Company's operations are subject to environmental regulations in the various jurisdictions in which it operates. Globally, environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition and results of operations.

Government regulations:

The current and future operations of the Company, from exploration through development activities and commercial production, if any, are and will be governed by laws and regulations governing mineral concession acquisition, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities may experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Permits are subject to the discretion of government authorities and there can be no assurance that the Company will be successful in obtaining all required permits. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations. Further, there can be no assurance that all permits which the Company may require for future exploration, construction of mining facilities and conduct of mining operations, if any, will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project which the Company may undertake.

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 requirements. 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.

ADDITIONAL INFORMATION

Additional information about the Company can be found at www.sedar.com. Additional information is also provided in the Company's financial statements and Annual Information Form for the most recently completed financial years.

Further additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the information circular for the Company's most recent annual meeting of security holders that involved the election of directors.