

ROCKCLIFF RESOURCES INC.

Management's Discussion and Analysis
For the Period Ended November 30, 2009
(Prepared as at January 28, 2010)

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 unaudited interim financial statements as at November 30, 2009 and should be read in conjunction with those financial statements.

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 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⁾⁽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

OVERALL PERFORMANCE

The first quarter of fiscal 2010 was a period in which the Company focused on satisfying its obligations, exploring its mineral resource properties, seeking out additional mineral resource properties, and ensuring that it had sufficient cash resources to enable it to proceed with its exploration program.

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OVERALL PERFORMANCE – (continued)

The Company started its 2010 fiscal year with a commitment to issue payments valued at a minimum of \$1,211,134 for qualified exploration expenditures. This sum represented the balance of the flow-through funds that had been raised in April 2008 and which had to be spent by December 31, 2009. The Company planned an exploration program that would accomplish this, within the allotted timeframe, while simultaneously advancing the properties and moving closer to satisfying the expenditure requirements of its property option agreements. The progress achieved under this exploration program during the first fiscal quarter resulted in the issuance of qualifying payments aggregating \$935,466 thereby reducing this obligation to \$275,669 as at November 30, 2009. In addition to the payments made, the Company had also been charged an additional sum of \$267,718 for qualified exploration activities. These amounts were included in accounts payable at the end of the quarter meaning that this obligation was nearly extinguished. During the month of December 2009 the Company incurred sufficient additional qualified charges and made the necessary payments to fully satisfy this obligation.

The Company also recognized that financing was required to ensure that sufficient cash was available to fully fund this December 2009 payment commitment and for working capital purposes. Although initial market feedback regarding the prospect of raising money was favourable the Company's enthusiasm was tempered by the fact that the market price for its shares remained low. Management decided that raising a large sum of money at that time would result in a level of dilution for existing shareholders that they deemed to be undesirable. As a result the initial sum of \$500,000 was determined to be both necessary and sufficient to meet the Company's immediate cash needs. This amount, before costs of the offering, was raised through a non-brokered private placement financing that was completed October 2009.

While this financing was being completed the Company's Snow Lake exploration program was progressing and producing favourable results. In press releases issued in November and December the Company announced that the assays of core obtained through its drill program revealed high grade copper mineralization.

Market response to the October financing had been very encouraging as not all parties that had expressed an interest in participating were able to do so before it sold out. With the thought of capturing this excess demand the Company began formulating plans to conduct a second, larger financing in the immediate future. In the meantime the market price for the Company's shares was increasing thereby making the prospect of completing this larger financing more compelling to management. It was determined that it was both necessary and appropriate to proceed with a private placement offering to raise \$2,500,000. This new offering was announced November 2009 and was promptly increased in value due to the overwhelming market response. In December 2009 the Company successfully concluded another sold out non-brokered private placement financing that generated gross proceeds of \$3,000,000.

The completion of these financing transactions provided the Company with adequate cash resources to satisfy its current operating and exploration requirements as well as generating some short term flexibility. This flexibility is necessary in order to allow the Company to capitalize on opportunities when they arise. Management had been involved in negotiations to acquire additional properties of interest and was aware that the vendors would require a commitment for cash payments. With the completion of the first financing and launch of the second it became feasible to agree to these payments and the negotiations were successfully concluded. On November 24, 2009 the Company announced that it had just acquired three properties, under option, that represent the Company's first foray into the exploration for gold. These properties, which include a former producing gold mine, are located near Snow Lake Manitoba in good proximity to the Company's VMS properties.

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OVERALL PERFORMANCE – (continued)

As a result of the activities conducted during the first fiscal quarter the Company has acquired additional properties of merit, satisfied a significant short term obligation, advanced the exploration of its VMS properties and secured sufficient cash resources to fund its activities for at least the immediate future. To capitalize on, and hopefully continue, these favourable results the Company recently announced that it was commencing its winter drill program on the Snow Lake project which is expected to include approximately 5,000 metres of drilling and approximately 30 drill holes. While there is no assurance that this program will result in, or lead to, the discovery of an economically viable resource the Company remains optimistic.

The Company is currently in the process of acquiring, evaluating and 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.

SELECTED FINANCIAL DATA

	For the fiscal years ended:			
	<u>Aug. 09</u>	<u>Aug. 08</u>	<u>Aug. 07</u>	
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:			
	<u>Nov. 09</u>	<u>Aug. 09</u>	<u>May 09</u>	<u>Feb. 09</u>
Revenues	343	408	4,336	10,653
Net income (loss) from operations	(162,947)	(262,589)	(207,359)	(337,957)
Per share	(0.01)	(0.01)	(0.01)	(0.01)
Net income (loss) for the period	(154,131)	(289,299)	(254,092)	(223,606)
Per share	(0.00)	(0.01)	(0.01)	(0.01)
Mineral resource properties	9,731,313	8,429,401	8,366,704	7,953,480
Total assets	10,152,784	9,454,402	9,518,606	9,843,645
Total liabilities	2,111,406	1,798,445	1,734,755	1,805,702
	<u>Nov. 08</u>	<u>Aug. 08</u>	<u>May 08</u>	<u>Feb. 08</u>
Revenues	12,524	19,900	8,347	5,144
Net income (loss) from operations	(58,749)	(56,484)	(114,469)	(231,479)
Per share	(0.00)	(0.00)	(0.00)	(0.01)
Net income (loss) for the period	(9,857)	826,182	(114,469)	(231,479)
Per share	(0.00)	0.03	(0.00)	(0.01)
Mineral resource properties	7,712,891	7,093,292	6,164,229	4,748,259
Total assets	10,122,662	10,383,078	10,368,376	7,857,926
Total liabilities	1,861,113	2,117,672	3,009,915	3,023,431

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

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RESULTS OF OPERATIONS

During the recently concluded fiscal quarter the Company incurred a net loss in the amount of \$154,131, after recognizing a recovery of future income taxes of \$8,816. This loss is greater than incurred during the first quarter of the 2009 fiscal year when a loss of \$9,857 was reported after a future tax recovery of \$48,892. The future tax recoveries reported in each of these periods arise as a consequence of the decline in corporate income tax rates and the requirement that the value of future tax assets and liabilities be recomputed each period based upon these revised rates.

While the Company remains focused exclusively on the exploration and development of its mineral resource properties it has no source of operating revenues. Each period the Company reports incidental revenue representing the interest it is able to earn by investing available cash reserves in secure, short-term cash-based investments. The amount of interest earned is dependent upon the amount of cash available to place into these investments, the term these investments are held, and the prevailing market rates of interest. For the period ended November 30, 2009 the Company generated only \$343 in interest income while during the first quarter of 2009 it had earned \$12,524. With the recent completion of two financing transactions it is anticipated that additional interest will be earned in future periods.

For the period ended November 30, 2009 the Company has reported total expenses in the amount of \$163,290 which represents an increase of \$92,017 in comparison to the November 2008 period. While the relative amounts of numerous expenses have varied between the two periods there are two in particular that arose in the current period but did not arise at all during the first quarter of 2009. These expenses are stock option compensation and the loss realized upon the disposal of property, plant and equipment and they aggregate \$73,216. Each of these amounts arises as a consequence of transactions that occur from time to time but with no regularity or predictability with respect to either timing or value.

The amount of stock option compensation recognized in any period is dependent upon the quantity and terms of stock options granted, if any, along with the current market price for the Company's shares, the volatility of the Company's share price, and prevailing market rates of interest. During the first quarter of the 2010 fiscal year the Company issued 300,000 stock options, including 250,000 options that were granted to Directors and Officers, and the factors described above resulted in the recognition of \$39,652 in compensation expense. There were no options granted during the first quarter of the 2009 fiscal year.

The loss on disposal of property, plant and equipment represents the difference between the book value of the assets disposed of and the proceeds realized from the sale. The disposal arising during the current period is directly attributable to the Company having vacated its former business premises and relocating from Sudbury to Toronto. Certain assets, like leasehold improvements, were surrendered as a result of the move and some equipment was not required in the new location. Some of this redundant equipment has been placed in storage pending potential future use, some was sold to a Director of the Company and the remainder was considered unusable and put out in the trash. Stored items have not been accounted for as a disposal but a one-time amortization charge was recorded to reduce their carrying value to \$NIL. The sale of specific equipment to a Director was conducted at fair market value generating proceeds of \$3,350 and resulting in a loss of \$7,687. The abandonment of the leasehold improvements and the equipment considered to be unusable resulted in a further loss of \$25,877 thereby raising the total loss on disposal to \$33,564.

The value of the more commonly recurring expenses was \$90,074 for the three month period ended November 30, 2009 representing an increase of approximately 26.4% when compared to the total of \$71,273 that arose in the corresponding period ended November 2008. This is generally reflective of increased administrative activities in the current year.

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RESULTS OF OPERATIONS – (continued)

Consulting fees for the current period amounted to \$21,783 representing an increase of \$9,831 over the total for the November 2008 period. This increase can be attributed to the administrative elements associated with the office relocation, working on the acquisition of mineral resource properties, and working on the two financing transactions. The Company always strives to keep administrative costs to a minimum and it is therefore reasonable to assume that the consulting services, which are provided primarily by the CEO and CFO, will continue to fluctuate in accordance with periodic demand.

Professional fee are also higher in the current period having risen from \$10,458 to \$19,721. The primary cause of this increase was the legal fees incurred to facilitate the finalization of the property option agreements that were executed during the period. The Company utilizes legal services any time that it is becoming a party to a legal contract in the effort to ensure that all aspects of the agreement are appropriate for the Company and that the Company complies with any and all regulatory requirements. Legal fees will continue to fluctuate from period to period depending upon the timing, nature and extent of services that are required.

Filing and regulatory fees for the first quarter of 2010 amounted to \$8,028 which is greater than the \$3,841 incurred one year earlier. The current total includes charges levied by the regulatory agencies as well as costs incurred for shareholder services. Regulatory fees are higher, in part, due to the timing of certain recurring costs but also due to registrations required because the new property option agreements involve the issuance of Company shares as a form of payment. Shareholder services include the cost of issuing news releases and the fees charged by the Company's transfer agent. Both of which were higher this year as a consequence of increased activity. It is not feasible for the Company to project the number or magnitude of future transactions that will result in charges of this nature but it is reasonable to assume that it will continue to fluctuate from period to period.

The cost for travel and accommodation rose from \$5,777 in Q1-2009 to \$7,675 in the current period. One of the prime contributors to this cost was the increase in media relations activities. During the current period the Company retained the services of a media relations firm to devise and implement a media and public relations strategy for the Company. Approximately one half of the current period expense relates to travel activities deemed necessary in connection with this new service. It is noteworthy that the Company generally expects to realize a decline in travel and accommodation costs as a result of having relocated its office to Toronto and that a decline would have been realized if not for costs associated with this new service.

Insurance costs appear to have declined since the expense amount has dropped from \$8,567 to \$5,717 however this is due to a change in classification rather than a change in costs. In the November 2008 period the costs associated with insuring the all Company's terrain vehicles was classified as an administrative cost because the vehicles were not being used consistently at the Company's resource properties. In the current period these vehicles were continuously located at, and used at, the Snow Lake mining properties so the corresponding costs of insurance were charged to the appropriate properties. The premiums and coverage value of the Company's insurance policies has actually remained relatively consistent from period to period.

Occupancy costs appear to have remained relatively consistent from one period to the next however the composition has changed. Throughout the 2008 period the Company was located in Sudbury where it paid a monthly lease charge plus incurred all utility and maintenance costs. During the current period the Company incurred only one month's charge for the Sudbury location while also paying three months rental for its new Toronto office. The lease for the Toronto office requires a lower monthly payment than the Sudbury lease did and is inclusive of all utility and other charges. It is anticipated that this occupancy costs will decline in future periods as the impact of this change is realized.

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RESULTS OF OPERATIONS – (continued)

General and administrative costs have declined by \$5,541 in the current period when compared to the charges that arose during the three months ended November 2008. The primary reason for this is a tax charge that was incurred November 2008 as a result of having satisfied a flow through commitment and completing the requisite filing. The Company has satisfied a flow-through commitment after the end of the current period and a similar tax will be incurred when the requisite filing is made during the second quarter.

Amortization costs rose to \$15,085 in the current period as compare to \$13,045 for the November 2008 period. The current period expense includes a one-time depreciation charge of approximately \$9,000 as a consequence of removing certain items from active use and placing them in storage in Sudbury. This one-time charge reduces the carrying value of these items to \$Nil reflecting the fact that they are not currently in use. If it is later determined that these items will not be returned to active use then all efforts will be made to liquidate them and a disposal will be recorded at that time.

While management is always attempting to control costs and limit the periodic losses incurred it should be noted that losses will continue to arise so long as the Company has no source of operating revenues.

PROPERTIES

To November 30, 2009 the Company has acquired, and made expenditures on, mineral resource properties as follows:

	Ontario Horwood Property	Ontario Shihan Property	Manitoba VMS Properties	Manitoba Gold Properties	All Properties
Acquisition costs	\$ 2,500	\$ 236,900	\$ 455,640	\$ 129,400	\$ 824,440
Exploration costs	-	1,106,805	8,413,831	435	9,521,071
Government grant	-	-	(205,639)	-	(205,639)
Properties abandoned	<u>(2,500)</u>	<u>-</u>	<u>(406,059)</u>	<u>-</u>	<u>(408,559)</u>
Total costs to date	<u>\$ -</u>	<u>\$ 1,343,705</u>	<u>\$ 8,257,773</u>	<u>\$ 129,835</u>	<u>\$ 9,731,213</u>

The Manitoba VMS Properties can be further subdivided as follows:

	HudBay Properties	Jackfish Property	Tower Property	Other Properties	Manitoba Properties
Acquisition costs	\$ 94,322	\$ 55,500	\$ 206,962	\$ 98,857	\$ 455,641
Exploration costs	6,126,438	681,524	420	1,605,448	8,413,830
Government grants	(129,836)	(8,098)	-	(67,705)	(205,639)
Properties abandoned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(406,059)</u>	<u>(406,059)</u>
Total costs to date	<u>\$ 6,090,924</u>	<u>\$ 728,926</u>	<u>\$ 207,382</u>	<u>\$ 1,230,541</u>	<u>\$ 8,257,773</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, 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.

The Company is currently evaluating its opportunities relative to the Shihan VMS property in which it holds a 100% interest, subject to a 2% net smelter returns royalty.

PROPERTIES – (continued)

As at November 30, 2009, and as at the date of this document, each of the Company's resource property options, claims and licenses are in good standing and all future obligations related to these options are expected to be satisfied.

LIQUIDITY

During the recently concluded fiscal quarter the Company completed a private placement financing whereby it issued 5,000,000 working capital units and raised 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 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.

After November 30, 2009, but prior to the date of this document, the Company completed another private placement financing in which it issued 8,000,000 flow-through units at a price of \$0.25 per unit and 5,000,000 working capital units at a price of \$0.20 per unit and raised gross proceeds of \$3,000,000. 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 entitles the holder to acquire an additional common share of the Company at a price of \$0.40 until June 18, 2011. The Company paid finders' fees in the amount of \$170,415 plus 1,031,500 compensation warrants. Each compensation warrant entitles the holder to acquire an additional common share of the Company at a price of \$0.20 until April 19, 2010.

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

During the first quarter its 2010 fiscal year the Company relocated from Sudbury to Toronto. As a result of closing the Sudbury office the Company abandoned its leasehold improvements and determined that there were numerous furnishings and equipment items that were not required at the new facility. Some of the furnishings and equipment items were sold, some were scrapped, and others were placed in storage until it can be determined whether they may have an alternate use. Each of the items removed from service and placed in storage were fully depreciated during the period.

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 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, the Company is required to make the following aggregate payments on or before the following dates:

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OFF-BALANCE SHEET ARRANGEMENTS – (continued)

	Cash <u>Payments</u>	Exploration <u>Expenditures</u>
March 22, 2010	\$ 125,000	1,900,000
March 22, 2011	390,000	4,100,000
March 22, 2012	<u>1,600,000</u>	<u>-</u>
	<u>\$ 2,115,000</u>	<u>\$ 6,000,000</u>

As at November 30, 2009, and 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 \$1,400,000 in future exploration expenditure commitments, including 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 <u>Payments</u>	Common <u>Shares</u>
September 17, 2010	\$ 17,500	20,000
September 17, 2011	<u>45,000</u>	<u>20,000</u>
	<u>\$ 62,500</u>	<u>40,000</u>

During September 2009 the Company issued the 20,000 common shares as required and the \$15,000 cash payment was made December 2009. Prior to November 30, 2009 the Company had satisfied all exploration expenditure requirements stipulated in the option 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 <u>Payments</u>	Exploration <u>Expenditures</u>
First year	\$ 30,000	\$ ⁽¹⁾
Second year	30,000	2,000,000
Third year	30,000	-
Fourth year	<u>30,000</u>	<u>2,000,000</u>
	<u>\$ 120,000</u>	<u>\$ 4,000,000</u>

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

In November 2009 the Company entered into three option agreements whereby it will acquire a 100% working interest, subject to a 2% Net Smelter Returns Royalty, in three properties, located near Snow Lake Manitoba, that are collectively referred to as the Gold Dust property. Upon signing the agreements the Company made a cash payment of \$40,000 and committed to the issue of 90,000 common shares which were issued prior to the date of this document. In accordance with the terms of the agreement, the Company is required to make the following payments on or before the following dates

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OFF-BALANCE SHEET ARRANGEMENTS – (continued)

	Cash <u>Payments</u>	Common <u>Shares</u>	Exploration <u>Expenditures</u>
November 23, 2010	\$ 35,000	90,000	\$ 175,000
November 23, 2011	35,000	90,000	225,000
November 23, 2012	55,000	90,000	300,000
November 23, 2013	65,000	90,000	375,000
To November 2019 ⁽¹⁾	<u>120,000</u>	<u>-</u>	<u>300,000</u>
	<u>\$ 310,000</u>	<u>360,000</u>	<u>\$ 1,375,000</u>

⁽¹⁾ From November 2014 through November 2019 the Company is required to make cash payments of \$20,000 and the aggregate exploration expenditure requirement increases by \$50,000. Beyond November 2019 the cash payments of \$20,000 are to continue annually as long as the Company retains its interest in the property. Commencing November 2010, each annual payment of \$20,000 will represent a non-refundable advance royalty payment which can be applied as a pre-payment against the net smelter returns royalty, if any.

The Company has also entered into a lease agreement relative to its Toronto office facility which requires monthly payments of \$1,000 until August 1, 2010.

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 November 30, 2009 the total expenditures incurred in accordance with this commitment were \$4,207,449 of which \$3,939,730 had been paid and \$267,718 were included in accounts payable. The remainder of this commitment has been satisfied as of the date of this document.

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.
Cryo-Line MDI Inc. ("MDI") is a company owned and operated by a Senior Officer

The following fees and expenses 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, 2009 As at November 30, 2009 there was \$3,350 (2008 – Nil) included in accounts receivable and \$30,593 (2008 - \$27,291) included in accounts payable and accrued liabilities as a result of these transactions:

		Nov. 30 <u>2009</u>	Nov. 30 <u>2008</u>
Lapierre	Exploration expenditures	\$ 44,322	\$ 41,131
Lapierre	Consulting fees and expenses	6,600	3,420
Geodigital	Exploration expenditures	56,586	50,862
Geodigital	Disposal of assets ⁽¹⁾	7,687	-
Gardiner	Professional fees	15,221	5,483
MDI	Consulting fees	12,000	10,000

⁽¹⁾ This is the loss resulting from the sale of equipment to the related party. This sale was concluded at fair market value and only included equipment that the Company was no longer utilizing.

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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 at August 31, 2008	29,388,893	\$ 7,753,670
Shares issued under property options	<u>20,000</u>	<u>6,000</u>
Common shares at August 31, 2009	29,408,893	7,759,670
Shares issued under private placement ⁽¹⁾	5,000,000	500,000
Less: expenses associated with offering		(75,475)
Less: value attributed to associated warrants		(151,869)
Shares issued to settle obligations	333,334	25,000
Shares issued under property options	<u>110,000</u>	<u>17,400</u>
Common shares at November 30, 2009	34,852,227	8,047,726
Shares issued for private placements ⁽²⁾	13,000,000	3,000,000
Less: expenses associated with offering ⁽³⁾		(334,998)
Less: value attributed to associated warrants ⁽³⁾		<u>(608,877)</u>
Common shares as at the date of this document	<u>47,852,227</u>	<u>\$10,103,851</u>

⁽¹⁾ This also resulted in the issuance of 5,000,000 warrants and 450,000 compensation units.

⁽²⁾ This also resulted in the issuance of 9,000,000 share purchase warrants and 1,031,500 compensation warrants.

⁽³⁾ Amounts estimated based upon information available as at the date of this document.

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:

	<u>Number Of Common Shares</u>
Warrants exercisable at \$1.50 per share until Dec. 31, 2009 ⁽¹⁾	1,376,500
Warrants exercisable at \$1.50 per share until Jan. 3, 2010 ⁽¹⁾	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 Nov. 23, 2010	90,000
Warrants exercisable at \$0.15 per share until April 9, 2011	5,000,000
Compensation units exercisable at \$0.10 per share until April 9, 2011	450,000
Underlying warrants exercisable at \$0.15 per share until April 9, 2011 ⁽²⁾	450,000
Property option payment due no later than Sept. 17, 2011	20,000
Property option payment due no later than Nov. 23, 2011	90,000
Stock options exercisable at \$0.47 until Mar. 27, 2012 ⁽³⁾	1,100,000
Stock options exercisable at \$0.70 until July 6, 2012	100,000
Property option payment due no later than Nov. 23, 2012	90,000
Property option payment due no later than Nov. 23, 2013	90,000
Stock options exercisable at \$0.15 until June 17, 2014 ⁽³⁾	1,400,000
Stock options exercisable at \$0.20 until Sept. 16, 2014	50,000
Stock options exercisable at \$0.20 until Oct. 14, 2014 ⁽³⁾	<u>250,000</u>
Total common shares reserved as at November 30, 2009	<u>12,870,706</u>

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CONVERTIBLE INSTRUMENTS AND OTHER SECURITIES – (continued)

	Number Of <u>Common Shares</u>
Total common shares reserved as at November 30, 2009	12,870,706
Warrants issued subsequent to November 30, 2009	9,000,000
Compensation warrants issued subsequent to November 30, 2009	1,031,500
Warrants expired subsequent to November 30, 2009	<u>(1,476,500)</u>
Total common shares reserved as at the date of this document	<u>21,425,706</u>
Common shares issued as at November 30, 2009	34,852,227
Common shares reserved as at November 30, 2009	<u>12,870,706</u>
Fully diluted number of common shares as at November 30, 2009	47,722,933
Common shares issued subsequent to November 30, 2009	13,000,000
Common shares reserved subsequent to November 30, 2009	10,031,500
Warrants expired subsequent to November 30, 2009	<u>(1,476,500)</u>
Fully diluted number of common shares as at the date of this document	<u>69,277,933</u>

(1) These warrants and units were not exercised and expired subsequent to the balance sheet date.

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

(3) Each of these options is held by a Director or Officer of the Company.

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

<u>Description</u>	<u>Common Shares Under Option</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Expiry Date</u>
Outstanding August 31, 2009	2,600,000 ⁽¹⁾	\$0.31	June 11, 2013
Issued during period	<u>300,000</u>	\$0.20	Oct. 13, 2014
Outstanding November 30, 2009 and as at the date of this document	<u>2,900,000</u>	\$0.30	July 31, 2013

(1) Each of these options has vested and is currently available to be exercised at the holders' discretion.

<u>Description</u>	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Expiry Date</u>
Outstanding August 31, 2009	3,670,706	\$1.36	Feb. 17, 2010
Issued during period	<u>5,000,000</u>	\$0.15	April 9, 2011
Outstanding November 30, 2009	8,670,706	\$0.66	Oct. 15, 2010
Expired subsequent to the end of the period	<u>(1,476,500)</u>	\$1.50	Dec. 31, 2009
Outstanding as at the date of this document	<u>7,194,206</u>	\$0.44	Mar. 27, 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, as a matter of policy, be revised unless Canadian GAAP changes.

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 has determined the most appropriate classification for its financial instruments such that each financial asset is classified as either held for trading or loans and receivables while each financial liability is classified as either held for trading or other financial instruments. The classifications have remained unchanged since initial recognition.

Fair values:

The carrying amount of cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities each approximate their fair values due to the short-term maturities of these instruments. These financial instruments do not expose the Company to any interest rate risk or currency risk.

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.

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RISK FACTORS (Continued)

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.

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.

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.

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RISK FACTORS (Continued)

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.

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.

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.

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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 Company's information circular for the Company's most recent annual meeting of security holders that involved the election of directors.