

## ROCKCLIFF RESOURCES INC.

Management's Discussion and Analysis

For the Year Ended August 31, 2010

(Prepared as at December 21, 2010)

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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, 2010 and should be read in conjunction with those financial statements. Additional information about the Company can be found at [www.sedar.com](http://www.sedar.com).

### OUTLOOK

As Rockcliff moves forward into its 2011 fiscal year it looks to build upon its successes to date. Since the HudBay property options were signed in March of 2007, the Company's operating focus has been on its Snow Lake Project and this will continue to be a focal point of operations. The Snow Lake Project currently consists of eleven distinct optioned or staked properties that combine to exceed 60,000 hectares. In 2011 the Company plans to explore and advance the Snow Lake Project while it seeks and investigates additional properties of merit to add to its present portfolio.

The Company believes that its Snow Lake Project has great potential for significant mineralization rich in copper, gold, zinc and silver. The recently published NI 43-101 Indicated Resource Estimate on the Company's Rail Deposit (copper-gold) is evidence in support of this belief. While the Company advances its Rail Deposit it will continue to explore its other historical deposits and copper-gold prospects by focusing on a significant diamond drill program in 2011.

Although the focus has been on the Snow Lake Project the Company has also investigated other opportunities of merit. This was recently demonstrated by the acquisition of the Black Gold property in Ontario, a property that has had little historical exploration completed but has open pit gold potential. Surface grab samples collected by the Company at Black Gold yielded significant high-grade gold assays ranging from less than one gram to more than fifty one grams per tonne. Visible gold was also noted in outcrop associated with pervasive quartz veining. An initial exploration program will be conducted on this property during the 2011 fiscal year.

The Company's exploration programs are planned by reviewing all available geological information and then considering climate and geographical constraints, available cash reserves, obligations that exist under option or staking requirements, obligations that exist under flow-through financing commitments, and many other factors. The recently completed financing provides the Company with sufficient cash reserves to embark upon its planned exploration programs while still retaining the flexibility to react to favourable exploration results or to embark upon exploration at newly acquired properties. Management is confident that the work completed in 2010 has established a solid foundation for more significant advancement on its Snow Lake Project (copper-gold) in Manitoba and on its newly acquired gold property in Ontario.

### OVERVIEW

The Company operates a single business segment which is engaged in the exploration for base and precious metals in Manitoba and Ontario. The individuals noted below were elected or re-elected to the Board on September 14, 2010 at the Company's annual general meeting. Immediately following the AGM the Board held its inaugural meeting during which the offices of the President, CEO and CFO were filled and the Board sub-committees were formed. The office of VP Exploration was filled September 30, 2010.

<u>Name</u>	<u>Position(s) Held</u>
Ken Lapierre, P. Geo	Director, CEO, President
David Constable, B. Sc., MBA <sup>(2)</sup>	Director (Chairman)
William R. Johnstone, LL.B <sup>(1)</sup>	Director, Corporate Secretary
Timothy Campbell <sup>(2)</sup>	Director
Denis Arsenault, C.A. <sup>(1)(2)</sup>	Director
Glenn Bowman, F.C.A. <sup>(1)</sup>	Director

<sup>(1)</sup> Member of the Company's Audit Committee

<sup>(2)</sup> Member of the Company's Compensation Committee

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### OVERVIEW – (continued)

<u>Name</u>	<u>Position(s) Held</u>
Mark Smethurst, M. Sc., P. Geo	VP Exploration
Mike Kindy, C.A.	CFO

### CORPORATE PERFORMANCE

Since its inception the Company has continuously stated that its primary business objective is to be a mine-finder. While that goal has not yet been achieved there is no doubt that tangible advancement is occurring. Progress is being made through the accumulation and refinement of significant properties of merit, and through the exploration of those properties.

Since March 2007 a significant portion of the Company's focus has been on the exploration of its Rail property. This emphasis was reflective of the real potential this property was, and is, believed to contain. Shortly after the end of the fiscal year the Company released an NI 43-101 indicated resource estimate for this property which seems to corroborate expectations. The report states there are indicated resources in excess of 55 million pounds of copper, 16 million pounds of zinc, 240,000 ounces of silver, and 17,000 ounces of gold. The report also acknowledged that the deposit remains open in all directions and has excellent potential to expand this initial estimate. The Company has the right to earn a 100% interest in this property, subject to a 2% net smelters return royalty, by making cash payments of \$70,000 by March 2011 and \$270,000 by March 2012. By the end of the 2010 fiscal year the Company had incurred \$3,262,317 in exploration costs on this property and has thereby satisfied all exploration requirements of the option agreement. The Company continues to be very enthusiastic about the prospects that the Rail property represents.

Although optimistic about the success which may be looming on one front, management is aware that the business objective will be achieved much quicker by pursuing multiple opportunities simultaneously. The Company currently holds, and is exploring, a number of high potential properties but it is always on the lookout for additional prospects. Accordingly, the Company expanded its VMS holdings in the Snow Lake area during the 2010 year and made its first real foray into gold by acquiring an option on a former gold producing property in the same region. The Company was not done there however and another gold property was acquired, under option, in October 2010 when a high grade gold property in Ontario was obtained and then the Company promptly staked an additional 23 adjacent claims. These properties, and others that the Company continues to investigate, remain highly speculative but are representative of the high quality opportunities that the Company is seeking.

In addition to acquiring new properties the Company also gained working access to a property that it had held for some time but had been prevented from exploring. In March 2010 the Company was finally issued a work permit which enabled exploration of the Tower property to commence. This work permit had been delayed for more than two years while the Province of Manitoba settled a dispute with a First Nations band. Upon securing the permit the Company promptly commenced the preparatory work to facilitate a work program and drilling started October 2010. Preliminary drill results have hit high grade copper-gold mineralization and this is seen to confirm that this deposit has tremendous potential to contain significant grades in both copper and gold. The Company will earn a 70% interest in this property provided it makes \$150,000 in scheduled option payments and incurs at least \$4 million in exploration expenditures before March 2014.

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**CORPORATE PERFORMANCE - (continued)**

The Company also continued to evaluate and explore each of its other properties including the Shihan VMS property in Ontario. Shortly after satisfying the exploration commitment required to earn its interest in this property the Company placed it into care and maintenance. It has remained there for approximately three years while corporate resources were devoted to exploring the properties comprising the Snow Lake camp. There has been so little activity on this property during this period that accounting principles require the Company to take a valuation allowance and to reduce its carrying value to \$Nil. However, this write down should not be construed as a signal of abandonment. Prior to the end of the 2010 fiscal year the Company initiated a new airborne study of this property in order to identify potential targets for further investigation. Results of this testing are not yet available but further exploration of Shihan is currently anticipated.

In addition to the write-down taken on the Shihan property the Company also recorded valuation allowances on three of its Snow Lake VMS properties. These allowances were deemed to be necessary based upon the less than optimal exploration results that the Company had obtained on these properties. This is representative of the nature of this industry and demonstrates that sometimes the potential simply cannot be realized on an economic basis. Each of these properties was held under option and the agreements required escalating annual cash payments and escalating exploration commitments. Given the Company's assessment of these properties and the fact that other properties were seen to have far greater potential these properties were returned to their owner and the Company forfeited their rights under the option agreements.

The acquisition, retention and exploration of mineral resource properties require financing. In fact, since the Company still has not developed a revenue stream, it remains entirely reliant on its ability to obtain sufficient financing to fund all of its activities. During the 2010 fiscal year the Company completed two financing transactions and raised gross proceeds of \$3,500,000. Subsequent to the end of the year another financing was completed, this time raising gross proceeds of \$4,000,000. The Company has been very successful to date in obtaining the financing it has required but there is no doubt that it will remain reliant on its ability to continue to do so in order to be able to achieve its goal of being a mine finder.

**SELECTED FINANCIAL DATA**

	For the fiscal years ended:			
	<u>Aug. 10</u>	<u>Aug. 09</u>	<u>Aug. 08</u>	
Revenues	5,058	27,921	27,756	
Net income (loss) from operations	(3,115,418)	(866,654)	(560,029)	
Per share	(0.07)	(0.03)	(0.02)	
Net income (loss) for the period	(2,492,399)	(776,854)	322,637	
Per share	(0.06)	(0.03)	0.01	
Mineral resource properties	8,380,889	8,429,401	7,093,292	
Total assets	10,041,123	9,454,402	10,383,078	
Total liabilities	1,923,785	1,798,445	2,117,672	

  

	For the three month periods ended:			
	<u>Aug. 10</u>	<u>May 10</u>	<u>Feb. 10</u>	<u>Nov. 09</u>
Revenues	2,271	2,439	5	343
Net income (loss) from operations	(1,456,018)	(179,180)	(1,317,273)	(162,947)
Per share	(0.03)	(0.00)	(0.03)	(0.01)
Net income (loss) for the period	(1,128,545)	(158,216)	(1,051,507)	(154,131)
Per share	(0.02)	(0.00)	(0.02)	(0.01)
Mineral resource properties	8,380,889	9,561,610	8,926,338	9,731,313
Total assets	10,041,123	11,458,212	11,797,571	10,152,784
Total liabilities	1,923,785	2,219,585	2,526,842	2,111,406

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

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**SELECTED FINANCIAL DATA – (continued)**

	<u>Aug. 09</u>	<u>May 09</u>	<u>Feb. 09</u>	<u>Nov. 08</u>
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)	0.00
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

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

**RESULTS OF OPERATIONS**

The Company's operations are focused entirely on activities that are intended to enable it to meet its stated objective of being a mine-finder. This means that the Company devotes its resources to the acquisition, evaluation and exploration of mineral resource properties and the related administration. Although the Company has been achieving favourable results from its exploration activities it has not yet proven that any of its properties contain economically viable mineral deposits. Until such time that the Company successfully confirms that it has ownership of such a deposit it is improbable that there will be any significant revenues generated from operations.

Although the Company generates some incidental interest income, the amount received is not nearly sufficient to offset the costs of administering operations. Under these circumstances it should come as no surprise that the Company reported a loss in the final quarter of 2010 and a loss for the 2010 fiscal year. The losses, before recognizing the effects of income taxes, reported during these periods amounted to \$1,456,018 and \$3,115,418 respectively. These losses are significantly higher than the losses reported during the comparable periods one year earlier when they amounted to \$262,589 and \$866,654. The growth in these losses can be generally attributed to two factors, namely the increase in valuation allowances recognized and the fact that the cost of administering operations grows as operations expand.

The Company continuously conducts exploration and evaluates the results obtained from those activities. While the vast majority of exploration activities reveal the existence, or potential existence, of some mineralization the Company must assess the likelihood that this implied mineralization is economically viable. Economic viability exists when the projected costs to prove the existence of a deposit and to extract and refine the resource are believed to be less than the revenues that can be obtained through their sale. Under Canadian GAAP, economic viability is deemed to be absent when there has been little tangible exploration work completed over a three year period. This accounting policy resulted in a valuation allowance of \$1,354,312 being recognized in the final quarter of 2010 with respect to the Company's Shihan property. In addition, the Company had determined earlier in the year that economic viability was unlikely with respect to three of its properties and had recorded a valuation allowance of \$1,218,276. A similar assessment conducted during the 2009 fiscal year led to a valuation allowance of \$406,059 being recognized, although none of that arose in the final quarter. Each of these allowances represents a significant portion of the losses reported for their respective periods.

The Company's focus is on the acquisition and exploration of mineral resource properties, but there is no doubt that seeking out prospective new properties, acquiring new properties, administering financing transactions, corporate governance, and similar matters each result in the devotion of time resources. This time element is reflected in the increase in consulting fees, the majority of which is the cost of administrative services provided by the Company's management team. The annual expense rose from \$44,600 in 2009 to \$116,476 in 2010 and fourth quarter costs rose from \$10,992 to \$42,658. Consulting time is incurred on an as needed basis so will fluctuate from period to period but it is anticipated that the 2010 levels are more indicative of future costs than the 2009 expense amounts.

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### **RESULTS OF OPERATIONS - (continued)**

Stock option compensation represents another cost associated with the retention of consultants. Stock options are utilized as an enticement to attract and retain qualified consultants and a value is attributed to each grant using the Black Scholes valuation model. This model utilizes market interest rates, the prevailing market price for the Company's shares, the expected fluctuation in the market price of the shares over the term of the options, the exercise price of the options, and the number of options granted. The solitary grant of options during 2009 arose in the fourth quarter when 1,400,000 options were granted and determined to have a value of \$161,405. A total of 600,000 options were granted during 2010, in three separate transactions, and resulted in compensation expense of \$94,177 for the year including \$5,506 recorded in the final quarter. Stock options are issued, at the discretion of the Board of Directors, in compliance with the terms of the Company's stock option plan. It is certain the quantity, terms, and compensation amount associated with future grants will fluctuate from period to period.

Professional fees reflect the cost of legal and auditor services utilized during the period. The cost of these services for 2010 amounted to \$91,300 including \$22,216 incurred in the final quarter. The annual 2010 figure excludes \$14,414 in legal fees that were charged to stock issuance fees. The 2009 expense was \$102,466, with no stock issuance fees, meaning the aggregate annual fees for these services were very similar. The fourth quarter charges in 2009 however amounted to \$52,565 as \$34,879 in costs incurred earlier in the 2009 year had been deferred until this period. This charge was incurred in connection with a proposed financing transaction which the Company opted not to proceed with. Had it proceeded then these costs would have been accounted for as stock issuance fees.

Filing and regulatory fees increased by \$28,985 having risen from \$22,575 in 2009 to \$51,560 in 2010. This increase is attributed to the financing transactions completed during the 2010 fiscal year and to the increase in the cost of disseminating news of the Company's activities. The regulatory filing fees specifically associated with financing transactions are accounted for as stock issuance fees however the ancillary costs that inevitably arise as a result of increased registrations and transactional volumes are not. The cost of issuing news releases more than doubled in 2010 from \$3,054 to \$7,629 reflecting an increase in the frequency and length of the releases issued. Fourth quarter expenses also increased from \$4,169 in 2009 to \$8,004 in 2010 however this increase results primarily from the timing of special mailings related to the Company's annual general meeting. The 2010 AGM was held just after the end of the fiscal year and most of the associated costs were incurred in the final quarter. The 2009 AGM took place at the beginning of the fourth quarter of 2009 so the related costs, which were lower in 2009, were similarly incurred during the preceding quarter. Filing and regulatory fees are primarily transaction in nature and it would be reasonable to anticipate that 2010 will be indicative of future periods.

General and administrative costs rose in 2010 to \$52,514 after amounting to only \$30,986 in 2009. This difference is attributable to a charge the Company incurs at the time that it completes its expenditure obligation arising from a flow through financing. This charge, which is essentially an interest charge levied by Canada Revenue Agency based upon the timing and amount of eligible expenditures, amounted to \$32,325 in 2010 as compared to only \$7,706 in 2009. The 2010 charge relates to the April 2008 financing which created an expenditure obligation of \$4,215,399 which was not fully satisfied until December 2009. In contrast the 2009 charge was incurred relative to the December 2006 financing which created an obligation of \$1,200,000 which was satisfied in October 2007. It is infeasible to predict the amount of future charges that will be incurred. Aside from this charge there are many individually insignificant elements included in this cost category. They tend to vary in timing and amount but are very similar in aggregate. This timing difference explains why costs in the final quarter of 2010 were only \$1,643 while fourth quarter totals for 2009 were \$5,281.

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### RESULTS OF OPERATIONS - (continued)

In September 2009 the Company relocated its administrative offices from Sudbury to Toronto due to the fact that more administrative functions were being completed in the Toronto area. This move resulted in a reduction of occupancy costs which declined from \$19,814 in 2009 to \$14,626 in 2010 reflecting the lower cost of the Toronto office. The move also resulted in the recognition of a loss on disposal of property plant and equipment in the amount of \$33,564 as leasehold improvements were abandoned and redundant equipment was disposed of. Other equipment was retained but placed in storage pending future use but its carrying value was reduced to \$NIL through a one-time charge to amortization. Despite this one-time charge the lack of regular amortization charges associated with the items abandoned or disposed of early in the year led to a reduction in amortization costs from \$52,326 to \$30,135. Occupancy costs are expected to remain consistent with 2010 levels for the immediate future, however neither the loss on disposal nor the one-time amortization charge are expected to recur so these costs should decline in future periods.

The increase in administrative activities, as demonstrated by the increase in consulting fees, is similarly reflected in increases in the cost of travel and accommodation as well as advertising and promotion. Travel and accommodation costs rose 63% to \$32,296 while advertising and promotion rose 80% to \$8,528. A review of these expenses did not reveal any specific events that, in isolation, caused the respective increases but did indicate a general increase in activity. It is noteworthy that each of these expenses declined from 2008 to 2009 when administrative activity fell. It is anticipated that this correlation will continue in future periods.

Insurance costs declined during 2010 from 29,802 to \$22,712. While the Company's insurance premiums did decline slightly from 2009 to 2010 the main reason for the decline is that insurance associated with equipment deployed on the mineral resource properties was fully segregated in 2010

After determining the net income from operations, the Company records a future income tax provision or recovery in order to arrive at the net income for the year or period. This future tax amount arises as a consequence of changes in legislated income tax rates and from differences in the timing of when exploration expenditures are reported for income tax and accounting purposes. Income tax rates are generally declining and this leads to minor recoveries of future taxes each fiscal quarter. The main elements of a provision or recovery arise whenever the Company completes a flow through financing or records a valuation allowance. In 2010 the Company completed a flow through financing which resulted in a provision in the amount of \$660,000. This however was offset by the recovery of \$1,283,019 arising from the decline in income tax rates and the valuation allowance claimed resulting in a net recovery of \$623,019 for the year. In 2009 there was no flow through financing but there was a valuation allowance claimed and tax rates did decline such to result in an aggregate future tax recovery of \$89,800. The timing and amount of future financings and future allowances cannot be reasonably predicted but it is reasonable to assume that the future income tax provisions and recoveries will continue to fluctuate from one period to the next.

### MINERAL RESOURCE PROPERTIES

To August 31, 2010 the Company has acquired, and made expenditures on, mineral properties as follows:

	Ontario Shihhan Property	Surrendered HudBay Properties	Manitoba VMS Properties	Manitoba Gold Properties	All Properties
Acquisition costs	\$ 237,035	\$ 64,906	\$ 672,762	\$ 130,613	\$ 1,105,316
Exploration costs	1,117,277	1,224,689	7,879,508	94,418	10,315,892
Government grants	-	(71,319)	(396,412)	-	(467,731)
Valuation allowances	<u>(1,354,312)</u>	<u>(1,218,276)</u>	<u>-</u>	<u>-</u>	<u>(2,572,588)</u>
Carrying value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,155,858</u>	<u>\$ 225,031</u>	<u>\$ 8,380,889</u>

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**MINERAL RESOURCE PROPERTIES – (continued)**

The Manitoba VMS properties can be further subdivided as follows:

	HudBay Properties	Jackfish Property	Tower Property	Red Property	Other Properties	Manitoba VMS Properties
Acquisition costs	\$ 139,960	\$ 71,098	\$ 332,696	\$ 6,750	\$ 122,258	\$ 672,762
Exploration costs	5,894,425	690,206	96,010	-	1,198,867	7,879,508
Government grants	<u>(275,579)</u>	<u>(21,968)</u>	<u>-</u>	<u>-</u>	<u>(98,865)</u>	<u>(396,412)</u>
Carrying value	<u>\$ 5,758,806</u>	<u>\$ 739,336</u>	<u>\$ 428,706</u>	<u>\$ 6,750</u>	<u>\$ 1,222,260</u>	<u>\$ 8,155,858</u>

The amounts listed above do not include any expenditures or valuation allowances related to properties that were abandoned in prior fiscal years.

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.

During 2010 the Company recorded a valuation allowance equal to the carrying value of three properties held under option from HudBay. Following this assessment, but prior to the anniversary date of the option agreements, the Company surrendered their option rights and returned these properties to HudBay. The HudBay Properties are now comprised of four individual properties, each of which is governed by its own option agreement. The acquisition costs noted above include the option payments made to date plus the cost of staking claims within the areas of influence of these properties.

The Other Properties noted above include all amounts related to properties which the Company holds as a result of having staked claims.

As at August 31, 2010, and as at the date of this document, each of the Company's mineral resource property options, claims and licenses are in good standing.

**LIQUIDITY**

The Company did not complete any financing transactions during the final quarter of its 2010 fiscal year, but it did complete financing transaction in October 2009 and December 2009. The Company has also just closed another financing in December 2010.

In October 2009 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 consisted 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 exercisable at \$0.10 per unit until April 9, 2011 and having the same composition as the working capital units described above.

In December 2009 the Company completed another private placement financing. This time 8,000,000 flow-through units and 5,000,000 working capital units were issued for gross proceeds of \$3,000,000. Each flow-through unit consisted of one common share and one-half share purchase warrant while each working capital unit was comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one 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 of which entitles the holder to acquire one common share of the Company for \$0.20 until June 18, 2011.

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### LIQUIDITY – (continued)

In the recently concluded financing, the Company again issued a combination of units and flow-through units for gross proceeds of \$4,000,000. The offering was comprised of 15,000,000 flow-through units at a price of \$0.20 each and 6,666,667 units at a price of \$0.15 each. Each flow-through unit is comprised of one common share and one-half share purchase warrant while each unit is comprised of one common share and one share purchase warrant. Each full warrant will entitle the holder to acquire one common share of the Company at a price of \$0.30 for eighteen months following the closing date. The Company incurred finders' fees in the amount of \$263,540 plus 298,667 unit comp warrants and 1,093,700 FT unit comp warrants. Each unit comp warrant entitles the holder to acquire one common share of the Company at a price of \$0.15 for eighteen months following the closing date and each FT unit comp warrant entitles the holder to acquire one common share of the Company at a price of \$0.20 for eighteen months following the closing date. The financing closed in four parts ranging from December 1, 2010 to December 20, 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 September 2009 the Company relocated its administrative offices 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. The items sold and scrapped had an aggregate carrying value of \$36,914 and generated sale proceeds of \$3,350 resulting in a loss of \$33,564. Each of the items removed from service and placed in storage were fully depreciated during the year.

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. During the year the Company surrendered its rights under three of these option agreements. In accordance with the terms of the four remaining agreements the Company is required to make the following aggregate payments on or before the following dates in order to secure its interests in the properties:

	Cash	Exploration
	<u>Payments</u>	<u>Expenditures</u>
March 22, 2011	\$ 230,000	2,100,000
March 22, 2012	950,000	-
	<u>\$ 1,180,000</u>	<u>\$ 2,100,000</u>

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 \$800,000 in future exploration expenditure commitments, representing 100% of the remaining commitment for one of the four properties.

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**OFF-BALANCE SHEET ARRANGEMENTS - (continued)**

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 September 2010 the Company made a cash payment of \$45,000 and issued 20,000 common shares. In accordance with the terms of the agreement, the Company is required to make the following payments, on or before the following date, in order to secure its interest in the property:

	<u>Cash Payments</u>	<u>Common Shares</u>
September 17, 2011	\$ <u>45,000</u>	<u>20,000</u>

Prior to August 31, 2010 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. On March 1, 2010 the parties executed an amendment to the original option agreement which served to establish the following commitment dates. In accordance with the terms of the agreement, and the amendment, the Company is required to make the payments noted below.

	<u>Cash Payments</u>	<u>Exploration Expenditures</u>
March 26, 2011	\$ 30,000	\$ <sup>(1)</sup>
March 26, 2012	30,000	2,000,000
March 26, 2013	30,000	-
March 26, 2014	<u>30,000</u>	<u>2,000,000</u>
	<u>\$ 120,000</u>	<u>\$ 4,000,000</u>

<sup>(1)</sup> 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. In accordance with the terms of the agreement, the Company is required to make the following payments on or before the following dates

	<u>Cash Payments</u>	<u>Common Shares</u>	<u>Exploration Expenditures</u>
December 29, 2010	\$ 35,000	90,000	\$ 175,000
December 29, 2011	35,000	90,000	225,000
December 29, 2012	45,000	90,000	300,000
December 29, 2013	65,000	90,000	375,000
To December 2019 <sup>(1)</sup>	<u>120,000</u>	<u>-</u>	<u>300,000</u>
	<u>\$ 300,000</u>	<u>360,000</u>	<u>\$ 1,375,000</u>

<sup>(1)</sup> From December 2014 through December 2019 the Company is required to make annual cash payments of \$20,000 and the aggregate exploration expenditure requirement increases by \$50,000. Beyond December 2019 the cash payments of \$20,000 are to continue annually as long as the Company retains its interest in the property. Commencing December 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.

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### OFF-BALANCE SHEET ARRANGEMENTS - (continued)

In March 2010 the Company entered into an option agreement to acquire a 100% interest, subject to a 2% net smelter returns royalty, in the Rail North property, located in the Snow Lake District in Manitoba. Upon closing the Company was required to issue 25,000 common shares and to make a payment of \$6,300 to keep the property in good standing until March 2011. In accordance with the terms of the agreement, the Company must maintain the property in good standing and is required to make the following payments on or before the following dates

	Common Shares
March 3, 2011	25,000
March 3, 2012	25,000
March 3, 2013	<u>25,000</u>
	<u>75,000</u>

In accordance with the terms of the December 2009 financing the Company is required to incur and pay for exploration expenditures on its mineral resource properties in the aggregate amount of \$2,000,000 no later than December 31, 2010. As at August 31, 2010 total expenditures of \$1,220,559 had been incurred relative to this commitment and \$1,193,027 had been paid while \$27,532 was included in accounts payable. A similar commitment in the amount of \$3,000,000 arose from the financing completed December 2010 and this must be satisfied no later than December 31, 2011.

The Company has entered into a lease agreement relative to its Toronto administrative office which requires monthly payments of \$1,000 until September 30, 2011. It also has leased a facility for use as both a field office and accommodations in Snow Lake Manitoba which requires monthly payments of \$800, plus applicable utilities, until July 31, 2011. A second facility in Snow Lake Manitoba which is used for the storing and cataloguing of drill core removed from its mineral resource properties is also under lease. This lease requires monthly payments of \$1,500, plus applicable utilities, until December 2010 after which the Company has an option to renew for an additional three year period.

In October 2010 the Company entered into an option agreement to acquire the Black Gold property, located near Timmins, Ontario. Upon signing the Company made a payment of \$50,000 and issued 200,000 common shares. The Company can acquire a 100% interest, subject to a 3% net smelters return royalty, by making 4 annual payments, each comprised of \$50,000 and 200,000 common shares, and by incurring exploration expenditures of at least \$50,000 per year for 4 years with aggregate expenditures of not less than \$500,000 at the end of the 4 year term. Advance royalty payments of \$50,000 per year commence after a positive feasibility study has been completed. The Company may purchase 1% of the net smelters return royalty any time for \$1,000,000 and has a right of first refusal on the remaining 2%.

### TRANSACTIONS WITH RELATED PARTIES

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

- 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 an individual who was a Director and officer of the Company until September 14, 2010
- Gardiner Roberts LLP ("Gardiner") is a legal firm in which a Director of the Company is a partner.
- Public Company Services ("Public") is a company owned and operated by a Director
- Cryo-Line MDI Inc. ("MDI") is a company owned and operated by a Senior Officer

All transactions with related parties are in the normal course of operations, have been carried out on the same terms as those accorded to unrelated parties and have been recorded at exchange amounts established and agreed to by the related parties. As at August 31, 2010 a total of \$70,039 (2009 - \$22,756) is included in accounts payable and accrued liabilities as a result of these transactions:

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**TRANSACTIONS WITH RELATED PARTIES – (continued)**

		<u>2010</u>	<u>2009</u>
Lapierre	Exploration expenditures	\$ 180,097	\$ 188,909
Lapierre	Consulting fees and expenses	28,036	8,702
Geodigital	Exploration expenditures	182,563	196,526
Geodigital	Consulting fees and expenses	5,919	-
Geodigital	Disposal of assets <sup>(1)</sup>	7,687	-
Gardiner	Professional fees	73,508	71,620
Gardiner	Stock issuance fees	14,414	-
Public	Consulting fees and expenses	20,000	-
MDI	Consulting fees and expenses	56,638	35,398

<sup>(1)</sup> This loss resulted from a sale of equipment to the related party, which was concluded at fair market value and only included equipment that the Company was no longer utilizing.

**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:

	<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 <sup>(1)</sup>	5,000,000	500,000
Less: cash expenses associated with offering		(42,500)
Less: value attributed to agents' units		(32,975)
Less: value attributed to associated warrants		(151,869)
Shares issued under private placement <sup>(2)</sup>	13,000,000	3,000,000
Less: cash expenses associated with offering		(202,208)
Less: value attributed to compensation warrants		(152,558)
Less: value attributed to associated warrants		(602,069)
Less: tax value attributed to the renounced expenditures		(660,000)
Shares issued upon exercise of warrants	500,000	75,000
Plus: value previously attributed to the warrants		15,187
Shares issued upon exercise of agents' units <sup>(3)</sup>	63,705	6,371
Plus: value previously attributed to the agents' units		4,668
Less: value attributed to underlying warrants		(3,024)
Shares issued upon exercise of underlying warrants	53,705	8,055
Plus: value previously attributed to the underlying warrants		2,216
Shares issued to settle obligations	333,334	25,000
Shares issued under property options	<u>135,000</u>	<u>24,150</u>
Common shares at August 31, 2010	48,494,637	9,573,114
Shares issued for mining property rights	220,000	39,800
Shares issued for private placements <sup>(4)</sup>	21,666,667	4,000,000
Less: expenses associated with offering <sup>(5)</sup>		(456,917)
Less: value attributed to associated warrants <sup>(5)</sup>		(759,357)
Common shares as at the date of this document	<u>70,381,304</u>	<u>\$12,396,640</u>

<sup>(1)</sup> This also resulted in the issuance of 5,000,000 warrants and 450,000 agents' units.

<sup>(2)</sup> This also resulted in the issuance of 9,000,000 warrants and 1,031,500 compensation warrants.

<sup>(3)</sup> This also resulted in the issuance of 63,705 underlying warrants

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**CONVERTIBLE INSTRUMENTS AND OTHER SECURITIES – (continued)**

(4) This also resulted in the issuance of 14,166,667 share purchase warrants, 298,667 compensation warrants and 1,093,700 FT compensation warrants.

(5) 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>
Property option payment due no later than Sept. 17, 2010	20,000
Property option payment due no later than Dec. 29, 2010	90,000
Property option payment due no later than Mar. 3, 2011	25,000
Warrants exercisable at \$0.15 per share until April 9, 2011	4,510,000
Agents' units exercisable at \$0.10 per share until April 9, 2011	<u>386,295</u>
Underlying warrants exercisable at \$0.15 per share until April 9, 2011 <sup>(1)</sup>	396,295
Stock options exercisable at \$0.15 until Aug. 12, 2011	100,000
Warrants exercisable at \$0.40 per share until June 18, 2011	9,000,000
Compensation warrants exercisable at \$0.20 per share until June 18, 2011	1,031,500
Property option payment due no later than Sept. 17, 2011	20,000
Property option payment due no later than Dec. 29, 2011	90,000
Property option payment due no later than Mar. 3, 2012	25,000
Warrants exercisable at \$1.50 per share until Mar. 26, 2012	1,250,000
Stock options exercisable at \$0.47 until Mar. 27, 2012 <sup>(2)</sup>	1,100,000
Property option payment due no later than Dec. 29, 2012	90,000
Property option payment due no later than Mar. 3, 2013	25,000
Property option payment due no later than Dec. 29, 2013	90,000
Stock options exercisable at \$0.15 until June 17, 2014 <sup>(2)</sup>	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 <sup>(2)</sup>	250,000
Stock options exercisable at \$0.28 until Mar. 10, 2015 <sup>(2)</sup>	<u>200,000</u>
Total common shares reserved as at Aug. 31, 2010	20,149,090
Shares reserved under new property options	1,000,000
Shares issued under property options	(220,000)
Stock options exercisable at \$0.20 until Sept. 29, 2015 <sup>(2)</sup>	1,500,000
Warrants exercisable at \$0.30 per share <sup>(3)</sup>	14,166,667
Compensation warrants exercisable at \$0.15 per share <sup>(3)</sup>	298,667
FT compensation warrants exercisable at \$0.20 per share <sup>(3)</sup>	<u>1,093,700</u>
Total common shares reserved as at the date of this document	<u>37,988,124</u>

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

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

(3) Expiry dates range from June 1, 2012 to June 20, 2012.

Common shares issued at August 31, 2010	48,494,637
Common shares reserved at August 31, 2010	<u>20,149,090</u>
Fully diluted number of common shares as at Aug. 31, 2010	68,643,727
Shares issued after August 31, 2010	21,886,667
Shares reserved after August 31, 2010	18,059,034
Shares issued after August 31, 2010 that were previously reserved	<u>(220,000)</u>
Fully diluted number of common shares as at the date of this document	<u>108,369,428</u>

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### CONVERTIBLE INSTRUMENTS AND OTHER SECURITIES – (continued)

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 Aug. 31, 2009	2,600,000	\$0.31	June 11, 2013
Expired during year	(100,000)	\$0.70	July 6, 2010
Granted during year	150,000	\$0.17	Aug. 23, 2012
Granted during year	<u>450,000</u> <sup>(1)</sup>	\$0.24	Dec.21, 2014
Outstanding Aug. 31, 2010	3,100,000	\$0.28	Aug. 28, 2013
Granted after the end of the year	<u>1,500,000</u> <sup>(1)</sup>	\$0.20	Sept. 29, 2015
Outstanding as at the date of this document	<u>4,600,000</u> <sup>(2)</sup>	\$0.25	May 3, 2014

  

<u>Description</u>	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Expiry Date</u>
Outstanding Aug. 31, 2010	3,670,706	\$1.36	Feb. 18, 2010
Issued during the year	16,345,205	\$0.31	May 25, 2011
Exercised during the year	(553,705)	\$0.15	April 9, 2011
Expired during the year	<u>(3,670,706)</u>	\$1.36	Feb. 18, 2010
Outstanding Aug. 31, 2010	15,791,500	\$0.32	May 29, 2011
Issued after the end of the year	<u>15,559,034</u>	\$0.29	June 15, 2012
Outstanding as at the date of this document	<u>31,350,534</u>	\$0.30	Dec. 5, 2011

<sup>(1)</sup> Each of these options is held by a Director or Officer of the Company.

<sup>(2)</sup> Each of these options has vested and is currently available to be exercised at the holders' discretion.

### 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.

#### 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:

- Identification of differences in Canadian GAAP and IFRS accounting policies and choices and their impacts on the Corporation's financial statements.
- Selection of the Corporation's continuing IFRS policies.
- Changes in note disclosures.
- Information technology and data system requirements.
- Disclosure controls and procedures, including investor relations and external communications plans related to the IFRS conversion.
- Identification of impacts of IFRS conversion on Internal Controls over Financial Reporting.

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### **CHANGES IN ACCOUNTING POLICY – (continued)**

(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, GST and HST receivable and accounts payable and accrued liabilities. Due to the short term maturities associated with each of these instruments their fair value approximates their carrying values. 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.

#### 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.

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### **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.

#### 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.

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### **RISK FACTORS – (continued)**

#### 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.

#### 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.

### **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.

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**FORWARD LOOKING INFORMATION – (continued)**

Should one or more of these risks and uncertainties, such as actual results of current exploration programs, the general risks associated with the mining industry, the price of gold and other metals, currency and interest rate fluctuations, increased competition and general economic and market factors, occur or should assumptions underlying the forward looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, or expected. 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.

**ADDITIONAL INFORMATION**

Additional information about the Company can be found at [www.sedar.com](http://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 2010 annual information circular.