

## **ROCKCLIFF RESOURCES INC.**

Management's Discussion and Analysis  
For the Period Ended November 30, 2010  
(Prepared as at January 25, 2011)

---

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, 2010 and should be read in conjunction with those financial statements.

### **OUTLOOK**

The Company heads into the winter drilling season, typically its busiest period for exploration, having just completed a \$4,000,000 financing and with numerous drilling and exploration targets identified. The Company will utilize these new funds to continue to explore and advance its Snow Lake Project as well as its Ontario gold and VMS properties. Management is optimistic that these exploration plans will enable the Company to build upon the recently defined indicated resource on its Rail property.

Drilling will continue at the Tower copper-gold property in Manitoba. The Company recently announced that the initial drill program not only continued to hit the Tower Zone but also revealed the discovery of a narrow high grade gold-copper vein averaging 27.43g/t gold and 1.28% copper. Discoveries of this nature serve to increase the Company's already strong belief in the potential for this property to contain multiple extensive zones of sulphides containing significant grades of both copper and gold. A winter drill program that includes 20 to 25 drill holes will continue to explore the Tower Zone which remains open in all directions.

A drill program including 15 to 20 drill holes has been devised for the Lon VMS property in Manitoba. The Company has 100% ownership of this property with the exception of a 1/2% net smelter returns royalty covering the historic Lon deposit. This historic deposit is reported to be 250,000 tonnes grading 3.2% copper and 5.2% zinc with gold and silver credits. In addition to the deposit the property also contains the DC Zone and covers the entire North Star Lake greenstone belt. The DC Zone is identified by abundant surface VMS alteration and a 6.12% zinc surface showing. The North Star Lake greenstone belt is considered to have significant potential but is under-explored to date. The winter drill program will target the Lon deposit and the DC Zone.

Winter drilling is also planned for the Freebeth VMS property in Manitoba which completely surrounds the former Spruce Point VMS mine. The favourable greenstone belt hosting the Spruce Point deposit continues along strike and hosts numerous untested targets as well as two known copper rich VMS zones. The winter drill program will consist of 3 to 5 holes and will test an area where previous borehole surveys detected several untested off-hole anomalies.

Drilling is also planned for the Rail and Reed VMS properties in Manitoba. The work at Rail will focus on a large DPEM target immediately north of the NI 43-101 compliant Rail Deposit while the target at Reed is an untested ZTEM airborne anomaly.

In addition to the drilling programs noted above, which encompass a minimum of 10,000 metres of drilling, the Company will be actively evaluating exploration data, conducting preparatory work for future exploration in both Manitoba and Ontario, and continuing its efforts to acquire additional properties of interest.

### **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:

## ROCKCLIFF RESOURCES INC.

Management's Discussion and Analysis  
For the Period Ended November 30, 2010  
(Prepared as at January 25, 2011)

---

### OVERVIEW – (continued)

<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
Mark Smethurst, M. Sc., P. Geo	VP Exploration
Mike Kindy, C.A.	CFO

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

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

### CORPORATE PERFORMANCE

The first quarter of the 2011 fiscal year was a period in which the Company not only worked to advance its properties but also completed a NI 43-101 indicated resource estimate for its Rail property, expanded its property holdings, initiated a financing, and conducted preparatory work to help facilitate future exploration.

The Company incurred exploration costs of almost \$650,000 during this period with the primary focus being the Tower copper-gold property in Manitoba. Drilling of this property began mid-way through the period and continued into December. Assays results from this initial drill program revealed high-grade copper-gold mineralization and that the Tower Zone remains open in all directions. In addition to the work completed on the Tower property the Company also began work on the newly acquired Black Gold property in Ontario, and completed airborne surveys on the Gold Dust properties in Manitoba and the Shihan property in Ontario.

In October the Company announced that it had acquired, under option, the Black Gold property in Ontario and then three weeks later announced that it had staked an additional 23 mining claims that are adjacent to this property. The combined properties, which total approximately 20 km<sup>2</sup>, host high grade surface gold outcrops containing visible gold. Before the end of the period the Company had initiated an exploration program designed to assist in defining a drill program to be conducted in 2011.

Just after the period ended the Company announced that it had completed and filed a NI 43-101 Indicated Resource Estimate for its Rail property. The filed report states that there is 822,000 tonnes of indicated resources including over 55 million pounds of copper. The report also states that this deposit remains open in all directions. While mineral resources are not mineral reserves and do not have demonstrated economic viability there is little doubt that this represents significant progress. Additional drilling is scheduled for this property with the potential for expanding this deposit.

While the Company had sufficient cash reserves to fund the work being completed during the period management was aware that additional financing was required to fund the winter drill program. Work was completed during the period to enable the Company to initiate a \$4,000,000 financing. The first closing related to this financing occurred on December 2, 2010 and the final closing was December 20, 2010 at which point the financing was fully subscribed.

As a result of the work conducted throughout the period and shortly thereafter the Company has advanced its properties, improved its prospects by acquiring another high-grade gold property, and obtained more than sufficient cash as necessary to fund planned exploration activities. Although the stated objective of being mine-finders has not yet been achieved, there is little doubt that successful periods like this one continue to move us closer.

**ROCKCLIFF RESOURCES INC.**  
Management's Discussion and Analysis  
For the Period Ended November 30, 2010  
(Prepared as at January 25, 2011)

---

**CORPORATE PERFORMANCE – (continued)**

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. 10</u>	<u>Aug. 09</u>	<u>Aug. 08</u>	
Revenues	5,058	27,921	27,756	
Net (loss) income from operations	(3,115,418)	(866,654)	(560,029)	
Per share	(0.07)	(0.03)	(0.02)	
Net (loss) income for the period	(2,492,399)	(776,854)	322,637	
Per share	(0.06)	(0.03)	.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>Nov. 10</u>	<u>Aug. 10</u>	<u>May 10</u>	<u>Feb. 10</u>
Revenues	2,915	2,271	2,439	5
Net (loss) income from operations	(384,800)	(1,456,018)	(179,180)	(1,317,273)
Per share	(0.01)	(0.03)	(0.00)	(0.03)
Net (loss) income for the period	(308,426)	(1,128,545)	(158,216)	(1,051,507)
Per share	(0.01)	(0.02)	(0.00)	(0.02)
Mineral resource properties	9,095,405	8,380,889	9,561,610	8,926,338
Total assets	10,039,275	10,041,123	11,458,212	11,797,571
Total liabilities	1,963,400	1,923,785	2,219,585	2,526,842
	<u>Nov. 09</u>	<u>Aug. 09</u>	<u>May 09</u>	<u>Feb. 09</u>
Revenues	343	408	4,336	10,653
Net (loss) income from operations	(162,947)	(262,589)	(207,359)	(337,957)
Per share	(0.01)	(0.01)	(0.01)	(0.01)
Net (loss) income 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

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

**RESULTS OF OPERATIONS**

During the recently concluded fiscal quarter the Company incurred a loss before provision for income taxes of \$384,800. This corresponding loss for the three month period ended November 2009 was \$162,947. Since the Company has no source of operating revenue, the incurrence of losses is anticipated each fiscal period. Many factors impact upon the amount of these losses however, and as a result, the Company has not yet experienced any consistency in the amount of losses from one period to the next.

## **ROCKCLIFF RESOURCES INC.**

Management's Discussion and Analysis  
For the Period Ended November 30, 2010  
(Prepared as at January 25, 2011)

---

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

To determine the net loss for each of these periods, the Company has recognized a recovery of future income taxes. Future income taxes arise when the Company renounces exploration expenditures in connection with flow-through financings. After these amounts have been recognized they are adjusted whenever renounced expenditures are charged to income or when income tax rates change. The recovery reported at November 2009 is entirely attributable to legislated decreases in income tax rates. The November 2010 recovery combines the effects of reduced income tax rates with the tax impact of the valuation allowance recognized during the period. The unpredictable timing and amount of future changes in income tax rates, valuation allowances and financing transactions will virtually ensure that the amount of future income tax provisions and recoveries will continue to fluctuate.

The Company generates incidental revenue through the short-term investment of available cash in easily terminable interest bearing vehicles. Although the Company will continue to take advantage of these opportunities whenever it is able to do so, the resulting revenues are relatively inconsequential and will likely remain so as long as market rates of interest remain extremely low.

Total expenses for the November 2010 period amounted to \$387,715 representing a significant increase in comparison to the amount of \$163,290 incurred one year earlier. Many individual expense categories have varied from one period to the next however the valuation allowance arose only in the current period. At August 31, 2010 the Company was required to recognize a valuation allowance relative to its Shihan property even though exploration activity was being conducted. The Company turned its focus to its Snow Lake Project once it had earned its interests in the Shihan property and this continued for approximately three years. In accordance with Canadian generally accepted accounting principles, a valuation allowance is required when such a period of inactivity occurs. Even though the Company retains its interest in the property, and remains optimistic about its prospects, the carrying value of the property was reduced to \$Nil since there are no proven reserves. The Company completed additional exploration on the property during the first quarter of 2011 but, in keeping with this valuation, an equal and offsetting valuation allowance of \$65,052 was recorded. There was no valuation allowance recorded in the first quarter of 2010.

Stock option compensation is the expense that varied the most between the two periods. During the first quarter of 2011 the company granted 1,500,000 options and reported compensation expense of \$227,163. In contrast the compensation expense at November 2009 amounted to \$39,652 as a result of having granted 300,000 options. Although there may appear to be a large disparity in the number of options granted it should be noted that grants of this nature are common following the annual shareholders' meeting. Compensation expense amounts are dependent upon the quantity and terms of stock options granted along with the current market price for the Company's shares, the estimated volatility of the Company's share price, and prevailing market rates of interest.

During the first quarter of 2010 the Company relocated its administrative office from Sudbury, Ontario to Toronto, Ontario. This move prompted the abandonment of leasehold improvements, disposal of numerous redundant items and removal of certain equipment from service. The impact of this was to report a loss on disposal of \$33,564 and amortization charges of \$15,085. The reduced equipment inventory has allowed amortization charges to fall to only \$3,947 in the current period. There was also the recognition of a small gain resulting from the sale of a piece of equipment that had been removed from service and fully depreciated. Future expenses should approximate the current period amount.

## ROCKCLIFF RESOURCES INC.

Management's Discussion and Analysis  
For the Period Ended November 30, 2010  
(Prepared as at January 25, 2011)

---

### RESULTS OF OPERATIONS – (continued)

Consulting fees for the three months ended November 2010 amounted to \$31,512 representing an increase of \$9,729 in comparison to the \$21,783 incurred one year earlier. The Company retains consultants on an as-needed basis to assist with or complete administrative functions. During the current period the Company held its annual shareholders' meeting, worked through its annual financial statement audit, and conducted numerous tasks in preparation for the financing that was completed in December 2010. Each of these tasks contributed to the fee increase that was realized. These costs will continue to fluctuate in accordance with the level of administrative activity, however it is anticipated that current period levels are relatively indicative of future costs.

Professional fees increased during the current period having risen from \$19,721 to \$29,960. This increase results entirely from an increase in the legal services received during the period. The Company utilizes counsel for matters relating to corporate governance, contractual work, transactions involving the Company's securities, and for other advisory services. Counsel also sits as a member of the Company's Audit Committee. In addition to legal work related to, and arising from, the annual shareholders' meeting and the audit of the financial statements the Company also finalized a property option agreement during the period. Legal fees will fluctuate from period to period depending upon the timing, nature and extent of services that are required and costs incurred in any one period are not indicative of any future period.

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 remaining costs, in aggregate, amounted to \$18,164 in the current period and \$19,470 at November 2009. Each of the costs included in these totals are monitored and are within the expectations of management.

Management makes a concerted effort to control costs at all times however losses will continue to arise so long as the Company has no source of operating revenues and the periodic loss amounts are expected to continue to fluctuate.

### MINERAL RESOURCE PROPERTIES

To November 30, 2010 the Company has acquired, and made expenditures on, mineral resource properties as follows:

	Ontario Shihhan Property	Ontario Gold Property	Manitoba VMS Properties	Manitoba Gold Properties	All Properties
Acquisition costs	\$ 237,062	\$ 86,122	\$ 672,762	\$ 154,213	\$ 1,105,316
Exploration costs	1,182,302	2,662	7,879,508	198,892	10,315,892
Government grants	-	-	(396,412)	-	(467,731)
Valuation allowances	<u>(1,419,364)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,572,588)</u>
Carrying value	<u>\$ -</u>	<u>\$ 88,784</u>	<u>\$ 8,653,516</u>	<u>\$ 353,105</u>	<u>\$ 9,095,405</u>

**ROCKCLIFF RESOURCES INC.**

Management's Discussion and Analysis  
For the Period Ended November 30, 2010  
(Prepared as at January 25, 2011)

---

**MINERAL RESOURCE PROPERTIES – (continued)**

The Manitoba VMS Properties can be further subdivided as follows:

	HudBay Properties	Jackfish Property	Tower Property	Dunlop Reed Property	Other Properties	Manitoba VMS Properties
Acquisition costs	\$ 140,152	\$ 93,165	\$ 332,696	\$ 15,601	\$ 113,407	\$ 695,021
Exploration costs	5,978,437	690,863	484,077	32	1,201,498	8,354,907
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>\$ 5,843,010</u>	<u>\$ 762,060</u>	<u>\$ 816,773</u>	<u>\$ 15,633</u>	<u>\$ 1,216,040</u>	<u>\$ 8,653,516</u>

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

The Company follows the recommendations of Canadian GAAP, whereby a valuation allowance is claimed relative to mineral resource properties for which no significant exploration has been completed for a period of three years. As a result of following this policy the carrying value of the Company's Shihan property was reduced to \$Nil as at August 31, 2010. In the event that additional charges are incurred on this property a new valuation will be completed and may result in the recognition of an additional valuation allowance. During the current period exploration valued at \$65,020 was completed and a corresponding valuation allowance was recognized. The amounts listed above however, do not include any expenditures or valuation allowances related to properties that were abandoned in prior fiscal periods.

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.

As at November 30, 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 recently concluded fiscal quarter however in December 2010 the Company completed a financing that included 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**

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.

**COMMITMENTS**

In March 2007 the Company entered into four option agreements to acquire a 100% working interest, subject to a 2% Net Smelter Returns Royalty, in four HudBay properties, located near Snow Lake Manitoba. In accordance with the terms of the agreements, the Company is required to make the following aggregate payments, on or before the following dates, in order to secure its interest in the properties:

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

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 the required payments of \$17,500 and 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</u> <u>Payments</u>	<u>Common</u> <u>Shares</u>
September 17, 2011	<u>\$ 45,000</u>	<u>20,000</u>

Prior to November 30, 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, 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</u> <u>Payments</u>	<u>Exploration</u> <u>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.

**ROCKCLIFF RESOURCES INC.**  
Management's Discussion and Analysis  
For the Period Ended November 30, 2010  
(Prepared as at January 25, 2011)

---

**COMMITMENTS – (continued)**

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. As at the date of this document the Company has satisfied the commitments that came due December 2010. In accordance with the terms of the agreements, the Company is required to make the following aggregate payments, on or before the following dates, in order to secure its interest in the properties:

	Cash <u>Payments</u>	Common <u>Shares</u>	Exploration <u>Expenditures</u>
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>\$ 265,000</u>	<u>270,000</u>	<u>\$ 1,200,000</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. The annual cash payments of \$20,000 will continue after December 2019 provided the Company retains its interest in the property. Each annual \$20,000 payment, commencing with the one paid December 2010, will represent a non-refundable advance royalty payment which can be applied as a pre-payment against the net smelter returns royalty, if any.

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 Dunlop Reed property, located in the Snow Lake District in Manitoba. In accordance with the terms of the agreement, the Company is required to make the following payments, on or before the following dates, in order to secure its interest in the property:

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

In October 2010 the Company entered into an option agreement to acquire a 100% interest, subject to a 3% net smelters return royalty, in the Black Gold property, located near Timmins, Ontario. Upon signing the Company made a payment of \$50,000 and issued 200,000 common shares. In accordance with the terms of the agreement, the Company is required to make the following payments, on or before the following dates in order to secure its interest in the property:

	Cash <u>Payments</u>	Common <u>Shares</u>	Exploration <u>Expenditures</u>
October 2011	\$ 50,000	200,000	\$ 50,000
October 2012	50,000	200,000	50,000
October 2013	50,000	200,000	50,000
October 2014	<u>50,000</u>	<u>200,000</u>	<u>350,000</u>
	<u>\$ 200,000</u>	<u>800,000</u>	<u>\$ 500,000</u>

Advance royalty payments of \$50,000 per year commence after a positive feasibility study has been completed.

## ROCKCLIFF RESOURCES INC.

Management's Discussion and Analysis  
For the Period Ended November 30, 2010  
(Prepared as at January 25, 2011)

---

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

In accordance with the terms of the December 2010 financing the Company is required to incur and pay for exploration expenditures on its mineral resource properties in the aggregate amount of \$3,000,000 no later than December 31, 2011. A similar commitment in the amount of \$2,000,000 arose from the financing completed December 2009 and this commitment was satisfied during December 2010.

The Company has signed a lease for its administrative office in Toronto, Ontario which expires December 31, 2011 and requires monthly comprehensive lease payments of \$1,000 for December 2010 and, due to an increase in the space under lease, \$2,000 thereafter.. 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 rented at a monthly cost of \$1,500 plus applicable utilities.

### 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 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 November 30, 2010 there was \$Nil (August 2010 – Nil) included in accounts receivable and \$89,716 (August 31, 2010 - \$70,039) included in accounts payable and accrued liabilities as a result of these transactions:

		Nov. 30 <u>2010</u>	Nov. 30 <u>2009</u>
Lapierre	Exploration expenditures	\$ 56,602	\$ 44,322
Lapierre	Consulting fees and expenses	1,471	6,600
Lapierre	Disposal of property, plant and equipment	(221)	-
Geodigital	Exploration expenditures	6,600	56,586
Geodigital	Disposal of assets <sup>(1)</sup>	-	7,687
Gardiner	Prepaid stock issuance fees	15,000	-
Gardiner	Professional fees	25,460	15,221
Gardiner	Consulting fees	7,500	-
MDI	Consulting fees	16,000	12,000

### 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, 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)
Balance forward	<u>34,408,893</u>	<u>8,032,326</u>

**ROCKCLIFF RESOURCES INC.**  
Management's Discussion and Analysis  
For the Period Ended November 30, 2010  
(Prepared as at January 25, 2011)

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

Balance forward	34,408,893	8,032,326
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	<u>220,000</u>	<u>39,800</u>
Common shares at November 30, 2010	48,714,637	9,612,914
Shares issued under property option	90,000	17,100
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)
Less: tax value attributed to the renounced expenditures		(912,750)
Shares issued upon exercise of agents' units	40,000	4,000
Plus: value previously attributed to the agents' units		2,931
Less: value attributed to underlying warrants		(2,150)
Shares issued upon exercise of warrants	<u>500,000</u>	<u>90,187</u>
Common shares as at the date of this document	<u>71,011,304</u>	<u>\$11,596,028</u>

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

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

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

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

<sup>(5)</sup> 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 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	386,295
Underlying warrants exercisable at \$0.15 per share until April 9, 2011 <sup>(1)</sup>	386,295
Stock options exercisable at \$0.15 until Mar. 14, 2011	300,000
Stock options exercisable at \$0.47 until Mar. 14, 2011	300,000
Stock options exercisable at \$0.15 until Aug. 12, 2011	<u>100,000</u>
Balance forward	<u>6,097,590</u>

**ROCKCLIFF RESOURCES INC.**  
Management's Discussion and Analysis  
For the Period Ended November 30, 2010  
(Prepared as at January 25, 2011)

---

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

	<u>Number Of Common Shares</u>
Balance forward	6,097,590
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 Oct. 29, 2011	200,000
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>	800,000
Property option payment due no later than Oct. 29, 2012	200,000
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 Oct. 29, 2013	200,000
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>	1,100,000
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
Property option payment due no later than Oct. 29, 2014	200,000
Stock options exercisable at \$0.28 until Mar. 10, 2015 <sup>(2)</sup>	200,000
Stock options exercisable at \$0.20 until Sept. 29, 2015 <sup>(2)</sup>	<u>1,500,000</u>
Total common shares reserved as at Nov. 30, 2010	22,419,090
Shares issued under property option	(90,000)
Agents' units exercised at \$0.10 per share	(40,000)
Warrants exercised at \$0.15 per share	(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>37,348,124</u>
<sup>(1)</sup> These underlying warrants will only be issued in the event that the agent's units are exercised. 40,000 were issued subsequent to November 30, 2010 upon the exercise of agents' units.	
<sup>(2)</sup> Each of these options is held by a Director or Officer of the Company.	
<sup>(3)</sup> Expiry dates range from June 1, 2012 to June 20, 2012.	

	<u>Number Of Common Shares</u>
Common shares issued as at November 30, 2010	48,714,637
Common shares reserved as at November 30, 2010	<u>22,419,090</u>
Fully diluted number of common shares as at November 30, 2010	71,133,727
Common shares issued subsequent to November 30, 2010	22,296,667
Common shares reserved subsequent to November 30, 2010	15,559,034
Shares issued after November 30, 2010 that were previously reserved	<u>(630,000)</u>
Fully diluted number of common shares as at the date of this document	<u>108,359,428</u>

**ROCKCLIFF RESOURCES INC.**  
Management's Discussion and Analysis  
For the Period Ended November 30, 2010  
(Prepared as at January 25, 2011)

---

**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 August 31, 2010	3,100,000	\$0.28	Aug. 28, 2013
Options altered <sup>(2)</sup>	(600,000)	\$0.31	May 7, 2013
Options altered <sup>(2)</sup>	600,000	\$0.31	Mar. 14, 2011
Granted during period	<u>1,500,000</u>	\$0.20	Sept. 29, 2015
Outstanding November 30, 2010 and as at the date of this document	<u>4,600,000</u> <sup>(1)</sup>	\$0.25	Jan. 21, 2014

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

<sup>(3)</sup> The expiry date of these options was reduced as a consequence of the holder having not been re-elected to the Board at the September 14, 2010 shareholders' meeting

<u>Description</u>	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Expiry Date</u>
Outstanding August 31, 2010	15,791,500	\$0.32	May 29, 2011
Changes during period	-		
Outstanding November 30, 2009	15,791,500	\$0.32	May 29, 2011
Issued after the end of the period	<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

In addition to the warrants noted above the Company has issued 346,295 agents' units which may be exercised at \$0.10 per unit until April 9, 2011. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.15 per share until April 9, 2011.

**CHANGES IN ACCOUNTING POLICY**

Since the end of the previous fiscal year, there have been no changes to the accounting policies followed by the Company or the future accounting pronouncements by which it is affected. For additional details please see the Management Discussion and Analysis dated December 21, 2010 which accompanied the audited financial statements for the fiscal year ended August 31, 2010.

**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**

Since the end of the previous fiscal year, there have been no changes to the risks to which the Company is exposed or the means by which they are managed. For additional details please see the Management Discussion and Analysis dated December 21, 2010 which accompanied the audited financial statements for the fiscal year ended August 31, 2010.

## **ROCKCLIFF RESOURCES INC.**

Management's Discussion and Analysis  
For the Period Ended November 30, 2010  
(Prepared as at January 25, 2011)

---

### **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.

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