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RT MINERALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED MAY 31, 2009

The following management discussion and analysis of the financial position of RT Minerals Corp. ("the Company" or "RT Minerals") and results of operations of the Company should be read in conjunction with the unaudited financial statements including the notes thereto for the period ending May 31, 2009 and the audited financial statements for the year ending November 30, 2008.

The accompanying unaudited financial statements and related notes are presented in accordance with Canadian generally accepted accounting principles. These statements, together with the following management's discussion and analysis dated July 30, 2009 ("Report Date"), are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to the potential future performance. The information in the MD&A may contain forward-looking statements.

These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

Economic and industry factors are substantially unchanged with respect to a comparison of the Company's interim financial condition to the financial condition as at the most recently completed financial year end.

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

1. CORE BUSINESS

RT Minerals Corp. (the "Company") was incorporated on March 9, 2007 for the purpose of identifying and exploring prospective base metal, precious metal or uranium mineral resource properties. The Company holds an option on a uranium property in Quebec, Canada, referred to as the Godbout (Baie-Comeau) property. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

On August 22, 2008, the Company completed its initial public offering of units, each unit comprising one half of a common share and one half of a flow-through common share, pursuant to a prospectus dated July 17, 2008. The offering was fully subscribed for 3,000,000 units at \$0.15 per unit for gross proceeds of \$450,000. The Company's common shares were approved for listing on the Canadian National Stock Exchange ("CNSX", formerly CNQ Trading and Quotation System Inc.) and commenced trading on August 26, 2008 under the symbol RTM (formerly RTMC.)

2. HIGHLIGHTS

2.1 Financial Highlights

- During the six months ended May 31, 2009, the Company recorded \$30,539 in exploration expenditures on its mineral properties and expended \$nil on mineral property acquisition costs.
- The Company concluded the period with total net assets of \$179,372.
- Because the Company is in the exploration stage, it did not earn any significant revenue and its expenses relate to the costs of operating a public company of its size. Net loss for the six months ended May 31, 2009 was \$32,002 or \$0.00 per share, compared to net loss of \$95,194 for the six months ended May 31, 2008 or \$0.02 per share. Net loss for the three months ended May 31, 2009 was \$44,322 or \$0.01 per share, compared to net loss of \$48,838 for the three months ended May 31, 2009 or \$0.01 per share.
- Recovery of future income tax asset was \$70,425 for the six months ended May 31, 2009 compared to \$40,000 for the 2008 comparative period.
- During the six months ended May 31, 2009, the Company received an aggregate \$8,500 in cash advances in the form of unsecured demand loans bearing interest at 3% per annum from directors and companies with common directors. Subsequent to May 31, 2009, the Company received further cash advances of \$2,570 under the same terms, and repaid a demand loan in the amount of \$500.
- Subsequent to the period, on June 29, 2009, the Company announced a private placement unit offering consisting of 5,000,000 units at \$0.05 per unit for gross proceeds of \$250,000. Each unit consists of one share at \$0.05 and one warrant attached to each share. Each warrant entitles the holder to purchase one further share of the Company at \$0.05 per share for a one year term. The unit offering is subject to regulatory filing and acceptance.

2.2 Operational Highlights

- From mid-September to December 2008, the Company undertook a ground reconnaissance and sampling program on its Godbout Uranium Property in Quebec, in order to confirm the 41 airborne anomalies and targets detailed in the 2007 and 2008 airborne radiometric, magnetic and related surveys were undertaken by the Company. An April 2009 field report (not NI 43-101 compliant) on the work and further recommended program has been completed and outlines further work on the Godbout property.
- In January 2009, the Company announced the execution of an option agreement to acquire a 100% interest on the 27 claim Durand Uranium Property located about 65km west of Baie Comeau, Quebec, in consideration of \$150,000 in cash, 700,000 common shares of the Company, and \$575,000 in exploration on the property over the next 48 months. On March 17, 2009, the Company announced that it would not proceed with the Durand property option agreement as announced on January 14, 2009. The property was returned to the vendor and no consideration was advanced to the vendor with respect to the option agreement.

2.3 Corporate Activities

- Pursuant to a management agreement dated January 1, 2009, the Company is committed to pay the President of the Company a monthly salary of \$2,500 per month plus \$1,500 per month for office, insurance and automobile expenses for the term of the contract expiring December 31, 2009.

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- Pursuant to an agreement dated January 1, 2009, the Company is committed to pay \$5,000 per month to a company with a common director for administrative and consulting services until expiry of said contract on December 31, 2009.
 - Pursuant to a project management agreement dated January 1, 2009, the Company is committed to pay a director of the Company a monthly salary of \$3,500 plus \$750 per month for office, insurance and automobile expenses for the term of the contract expiring December 31, 2009.
 - On January 7, 2009, the Company granted 440,000 incentive stock options to consultants, each option exercisable at \$0.05 per common share until January 7, 2011. On February 7, 2009, the Company cancelled 100,000 of these stock options that were granted to a consultant who ceased to perform investor relations activities for the Company and whose options had not yet vested.
 - On February 13, 2009, the Company extended the expiry date of 2,550,000 previously issued warrants from March 9, 2009 to March 9, 2012. The remaining terms of the warrants, including the exercise price of \$0.10 per share, remain the same.
 - On March 23, 2009, the Company cancelled 560,000 incentive stock options exercisable at \$0.15 per share until December 11, 2009.
 - On March 25, 2009, the Company appointed Ms. Sandra Wong as Chief Executive Officer to replace Mr. Jonathan Samuda who remains with the Company in the capacity as Corporate Secretary and director.
 - On June 29, 2009, the Company granted 660,000 incentive stock options to directors and consultants, each option exercisable at \$0.05 per common share until June 29, 2010.

3. OUTLOOK AND STRATEGY

As at April, 2009, further surface sampling and trenching is recommended on the Godbout target areas as well as on several other surface targets that yielded elevated spectrometer readings similar to those encountered above.

The Company will continue to focus on the Godbout Uranium property, and has initiated a property search for a Canadian gold property.

In addition, the Company is at the advanced stage of negotiations for a gold prospect in the Timmins gold camp, Ontario.

4. OVERVIEW OF FINANCIAL RESULTS

4.1 Annual Financial Review

N/A

4.2 Quarterly Financial Review

The table below presents selected financial data for the Company's eight most recently completed fiscal quarters as presented in the unaudited interim financial statements:

| | Q2 | Q1 | Q4 | Q3 |
|---|----------------|----------------|----------------|----------------|
| | May 31, | Feb 28, | Nov 30, | Aug 31, |
| | 2009 | 2009 | 2008 | 2008 |
| Total revenues | - | - | - | - |
| Earnings (loss) for the period | (\$44,322) | \$12,320 | \$101,783 | (\$144,152) |
| Basic and diluted earnings (loss) per share (post-consolidated) | (\$0.01) | \$0.00 | \$0.01 | (\$0.02) |
| Total assets | \$383,231 | \$371,229 | \$362,652 | \$436,035 |
| Total long term liabilities | - | - | - | - |
| Cash dividends declared per share | - | - | - | - |

| | Q2 | Q1 | Q4 | Q3 |
|---|----------------|----------------|----------------|----------------|
| | May 31, | Feb 29, | Nov 30, | Aug 31, |
| | 2008 | 2008 | 2007 | 2007 |
| Total revenues | - | - | - | - |
| Earnings (loss) for the period | (\$48,838) | (\$46,356) | (\$39,685) | (\$24,939) |
| Basic and diluted earnings (loss) per share (post-consolidated) | (\$0.01) | (\$0.01) | (\$0.01) | (\$0.00) |
| Total assets | \$175,960 | \$167,181 | \$206,925 | \$16,794 |
| Total long term liabilities | - | - | - | - |
| Cash dividends declared per share | - | - | - | - |

The Company is in the exploration stage and did not earn any significant revenue during the eight most recently completed fiscal quarters.

The net losses are fairly consistent across the eight most recently completed fiscal quarters. 2009 Q1 reports net earnings of \$12,320 due to a \$70,425 recovery of future income tax asset. 2008 Q4 reports net earnings of \$101,783 as the result of capitalization to share issue costs of \$133,166 in audit, legal and regulatory filing fees related to the Company's IPO that were expensed during the third quarter.

Basic and diluted losses per share are fairly comparable over the eight most recently completed fiscal quarters.

Total assets steadily increased across the fiscal quarters as the Company completed equity financings and invested the funds in exploration of mineral property interests.

4.3 Fourth Quarter

N/A

5. RESULTS OF OPERATIONS

5.1 Operating Income and Expenses

The Company operates in one segment of mineral exploration in Canada. Therefore, there are no other parts of the business that have a disproportionate effect on revenues, income or cash needs, and there are no legal or other restrictions on the flow of funds from one part of the Company's business to another.

5.11 Income

The Company is considered to be in the exploration stage and therefore did not earn any significant revenue during the periods under review.

5.12 General & Administrative Expenses

General and administrative expenses incurred during the periods under review consist of the following:

| | Three months ended May 31, | | Six months ended May 31, | |
|------------------------------------|-------------------------------|------------------|-----------------------------|-------------------|
| | 2009 | 2008 | 2009 | 2008 |
| Accounting and audit fees | \$ - | \$ 3,203 | \$ 7,275 | \$ 15,205 |
| Business development | - | | - | 2,208 |
| Administrative and consulting fees | 15,000 | | 25,000 | 5,000 |
| Filing fees | 3,995 | 14,194 | 5,195 | 14,539 |
| Investor communications | 584 | | 1,839 | - |
| Legal fees | 2,432 | 1,124 | 5,564 | 15,938 |
| Office expenses | 465 | 2,703 | 3,355 | 4,184 |
| Management salaries | 20,784 | 27,649 | 47,081 | 56,260 |
| Stock-based compensation | - | | 3,400 | 11,200 |
| Transfer agent | 1,022 | | 2,068 | - |
| Travel and automobile | - | | - | 11,124 |
| | <u>\$ 44,282</u> | <u>\$ 48,873</u> | <u>\$ 100,777</u> | <u>\$ 135,658</u> |

- **General & Administrative Expenses – Six months ended May 31, 2009**

General and administrative expenses for the six months ended May 31, 2009 was \$100,777 compared to \$135,658 recorded for the six months ended May 31, 2008.

Audit fees were \$7,275 for the six months ended May 31, 2009; a 52% decrease from the \$15,205 recorded for the six months ended May 31, 2008.

Administrative and consulting fees of \$25,000 for the six months ended May 31, 2009 and \$5,000 for the six months ended May 31, 2008 pertain to management consulting contracts (see "related party transactions" below).

Filing fees were \$5,195 for the six months ended May 31, 2009 compared to \$14,539 for the six months ended May 31, 2008.

Investor communication expenses of \$1,839 (2008: \$nil) reported for the six months ended May 31, 2009 include \$1,200 paid to a consultant performing investor relations activities for the Company.

Legal fees of \$5,564 were recorded for the six months ended May 31, 2009 compared to \$15,938 recorded for the 2008 comparative period. The 2008 fees relate largely to the Company's IPO and listing on the CNSX.

Office expenses totalled \$3,355 for the six months ended May 31, 2009 which is comparable to the \$4,184 in office expenses incurred during the six months ended May 31, 2008. Office expenses include website development, rent, telephone, office supplies, and other expenditures incurred during the ordinary course of business.

Management salaries of \$47,081 for the six months ended May 31, 2009 are a 16% decrease from the \$56,260 in management salaries incurred during the six months ended May 31, 2008, due to a reduction in management salary (see "related party transactions" below).

Stock-based compensation expense, a non-cash item that measures the intrinsic value of incentive stock options issued during the period, totalled \$3,400 in for the period compared to \$11,200 recorded for the six months ended May 31, 2008.

Transfer agent fees of \$2,068 (2008: \$nil) and travel and automobile expenses of \$nil (2008: \$11,124) recorded for the six months ended May 31, 2009 were incurred in the ordinary course of business.

- **General & Administrative Expenses – Three months ended May 31, 2009**

General and administrative expenses for the three months ended May 31, 2009 was \$44,282 compared to \$48,873 recorded for the three months ended May 31, 2008.

Accounting and audit fees were \$nil for the three months ended May 31, 2009 and \$3,203 for the three months ended May 31, 2008.

Administrative and consulting fees of \$15,000 for the three months ended May 31, 2009 pertain to management consulting contracts (see "related party transactions" below).

Filing fees were \$3,995 for the three months ended May 31, 2009 compared to \$14,194 for the three months ended May 31, 2008.

Investor communication expenses of \$584 (2008: \$nil) were recorded for the three months ended May 31, 2009.

Legal fees of \$2,432 were recorded for the three months ended May 31, 2009, compared to \$1,124 recorded during the 2008 comparative period.

Office expenses totalled \$465 for the three months ended May 31, 2009 compared to the \$2,703 in office expenses incurred during the three months ended May 31, 2008. Office expenses include website development, rent, telephone, office supplies, and other expenditures incurred during the ordinary course of business.

Management salaries of \$20,784 for the three months ended May 31, 2009 are a 25% decrease from the \$27,649 in management salaries incurred during the three months ended May 31, 2008, due to a reduction in management salary (see "related party transactions" below).

Transfer agent fees of \$1,022 (2008: \$nil) recorded for the three months ended May 31, 2009 were incurred in the ordinary course of business.

5.13 Other Income and Expense

The Company earned interest income of \$102 during the six months ended May 31, 2009 compared to interest income of \$464 for the six months ended May 31, 2008. The Company's interest income is derived from its cash deposits held with BMO Bank of Montreal and interest earned on CRA GST refunds.

5.2 Property Exploration and Acquisition Costs

The Company is in the mineral exploration business and has no revenues. Funding of the Company's exploration activities has been provided by equity offerings of the Company's securities and by cash operating loans by related parties. The recoverability of amounts paid by the Company for resource properties will be dependent upon the discovery of economically recoverable reserves and confirmation of the Company's interest in the underlying resource properties, as well as the ability of the Company to obtain the necessary financing to complete exploration and development of the properties, and upon future profitable production or proceeds from the disposition thereof.

Mineral interests include initial acquisition costs and related option payments that are recorded when paid. In accordance with Canadian generally accepted accounting principles, exploration and development costs are capitalized. Mineral interests in the form of exploration and acquisition costs totalled \$377,168 as at May 31, 2009, being an increase in exploration and acquisition costs of \$30,539 over that recorded as at the 2008 fiscal year end. The cumulative exploration costs expended on the Company's properties is net of a \$17,233 mineral tax credit received from the Quebec government.

As at May 31, 2009, the Company held the following mineral property interests.

| | <u>Baie Comeau</u> | <u>Ontario</u> | <u>Total</u> |
|--------------------------------|--------------------|----------------|-----------------|
| Balance, November 30, 2007 | \$ 99,237 | \$ - | \$ 99,237 |
| Acquisition costs | | | |
| Cash | \$ 50,000 | \$ - | \$ 50,000 |
| Deferred exploration costs | | | |
| Assaying and development | 109 | - | 109 |
| Drilling and geophysics | 54,627 | - | 54,627 |
| Equipment rental & repairs | 14,734 | - | 14,734 |
| Field crew expenses | 5,235 | - | 5,235 |
| Project management – Note 6 | 114,516 | - | 114,516 |
| Site meals, lodging and travel | 15,708 | - | 15,708 |
| Surveying | 4,696 | - | 4,696 |
| Technical report | <u>5,000</u> | <u>-</u> | <u>5,000</u> |
| | 214,625 | - | 214,625 |
| Less: tax credit recovery | <u>(17,233)</u> | <u>-</u> | <u>(17,233)</u> |
| | <u>197,392</u> | <u>-</u> | <u>197,392</u> |
| Balance, November 30, 2008 | \$ 346,629 | \$ - | \$ 346,629 |

| | | | |
|--------------------------------|-------------------|---------------|-------------------|
| Acquisition costs | | | |
| Nil | \$ _____ | \$ _____ | \$ _____ |
| Deferred exploration costs | | | |
| Assaying and development | 154 | - | 154 |
| Drilling and geophysics | - | 643 | 643 |
| Project management – Note 6 | 29,430 | - | 29,430 |
| Site meals, lodging and travel | _____ | 312 | 312 |
| | 29,584 | 955 | 30,539 |
| Balance, May 31, 2009 | \$ <u>376,213</u> | \$ <u>955</u> | \$ <u>377,168</u> |

6. MINERAL PROPERTIES

6.1 Godbout - Baie Comeau Uranium Property, Quebec

By an option agreement dated March 27, 2007 and amended on August 29, 2008, the Company has acquired a 100% interest in the Godbout uranium property (the “Property”) located in the district of Baie Comeau, Province of Quebec, in consideration for the payment of \$75,000, the issuance of 500,000 common shares of the Company and the conclusion of a work program and expenditures consisting solely of a NI 43-101 report on the Property and any work related thereto.

The Company’s interest in the Property is subject to a 3% net smelter return royalty, one half of which (a 1.5% net smelter return royalty) may be repurchased at any time for \$1,000,000.

The Property consists of 62 contiguous claims, each approximately 56 hectares in size and includes a total area of 6,468.93 hectares. Forty of these claims are in good standing until July 3, 2010 and the remaining 22 will expire on November 24, 2010. The Property is located some 75 kilometres east of the city of Baie-Comeau, Quebec.

Work performed or planned on the Property to the summer of 2008 include the completion of a NI 43-101 Report dated April 2, 2008, entitled “NI 43-101 Technical Report on the Godbout Uranium Property, Godbout Area, Quebec”, prepared pursuant to the provisions of National Instrument 43-101 by Etienne Forbes, P.Geo., an independent qualified geological consultant. The NI 43-101 Report summarizes the uranium-bearing potential of the Property, which report is available under the Company’s profile on the SEDAR website at www.sedar.com.

The current ground reconnaissance program completed throughout November and December 2008 commenced in mid-September 2008 and the objective of this current phase of work was to ground check about 14 initial targets and to establish drill targets. The ground work has covered most of the initial 14 of the overall 41 airborne targets with one target area yielding significant spectrometer readings ranging from 1600 to 6000 cps. The surface sampling conducted in this area has returned the following Uranium (U3O8) values:

| <u>Sample #</u> | <u>Target # and description</u> | <u>Assay - Uranium in ppm</u> |
|-----------------|--|-------------------------------|
| 588601 | 1 - white pegmatite, quartz, feldspath porphyry | 42.6 |
| 588602 | 1 - white pegmatite, quartz, feldspath porphyry | 73.2 |
| 588603 | 2 - white pegmatite, quartz, biotite, amphibolites | 623.0 |
| 588604 | 2 - pink pegmatite | 173.0 |

| | | |
|--------|-----------------------------|-------|
| 588605 | Between 1 and 2, pegmatite | 139.5 |
| 588606 | 3 - white pegmatite, quartz | 330.0 |
| 588607 | 3 - white pegmatite, quartz | 259.0 |

This sampling was located on the northeastern portion of the property. According to some outcrops observed, this mineralization may be associated along the same NE-SW geological trend.

Further surface sampling is recommended on the above target areas as well as on several other surface targets that yielded elevated spectrometer readings similar to those encountered above. A final field report on the above work and further recommended program was received by the Company in April 2009.

The above field program was carried out under the supervision of Mr. Eric Hurtubise, P.Geo. (#912 OGQ) of the Corporation de Promotion du Development Mineral de la Cote-Nord (Quebec).

Assaying was carried out by ALS Chemex using assay techniques and protocols under ICP-MS multi-element analysis (ME-MS41).

The Qualified Person for the Godbout property is Mr. Etienne Forbes, P.Geo., of Baie Comeau, Quebec.

The April, 2009 field report details the initial work undertaken on the Godbout property. The entire program was not completed due to management's decision to suspend work and preserve capital as a result of the collapse in the uranium market and world stock markets in general.

The first phase of the field work consisted of detailed ground spectrometer sweeps of previously identified airborne anomalies. The initial interpretation of the airborne results indicated 32 anomalous zones scattered throughout the property. These are all small zones of less than 0.05 km². Twelve of these targets were prioritized and covered with a ground spectrometer. This consisted of GPS-assisted zigzag passes by a person holding an RS-125 spectrometer, within a 20m wide corridor aligned either north-south or east-west defined by the UTM grid and the instrument held downward a few decimetres above the ground. Spectrometer readings of 80ppm (~1000cps) and greater were recorded. This work was carried out by four field persons followed by a geologist to assess the pertinence of any significant anomaly. A total of 14 anomalies were eventually covered.

The next phase of work consisted of mini-drill core sampling of high values located by the spectrometer. The maximum sampling depth was 35cm. The assay results from this drilling is previously noted above.

The April, 2009 summary field report, completed by Mr. Eric Hurtubise, P.Geo., recommends additional coverage of 4 anomalies using spectrometers and the taking of surface bedrock samples from outcrop, where available. Surface mechanized stripping is also recommended along with complete petrology studies to determine if uraninite is situated in the local bedrock. If the Company has the financial resources, and depending upon results, a further heli-borne radiometric survey should be performed. In addition, lake-bottom sediment surveying of all lakes on the property should also be undertaken. If the results of the above work is positive in nature then a drill program could be considered on the best anomalies and areas of surface bedrock showings. A detailed budget for the above proposed work has yet to be completed.

6.2 Other Project, Ontario

The Company has expended \$955 in deferred exploration on a potential mineral property acquisition in Ontario.

6.3 Durand – Baie Comeau Uranium Property, Quebec

In January 2009, the Company announced the execution of an option agreement to acquire a 100% interest on the 27 claim Durand Uranium Property located about 65km west of Baie Comeau, Quebec, in consideration of \$150,000 in cash, 700,000 common shares of the Company, and \$575,000 in exploration on the property over the next 48 months. On March 17, 2009, the Company announced that it would not proceed with the Durand property option agreement as announced on January 14, 2009. The property was returned to the vendor and no consideration was advanced to the vendor with respect to the option agreement.

7. LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents as at May 31, 2009 were \$535 compared to \$5,176 as at November 30, 2008. Factors that could impact on the Company's liquidity are monitored regularly and include the market price of the Company's trading securities for the purposes of raising financing, exploration expenditures, and operating costs.

Cash on hand at the end of the period decreased significantly from that of the prior year. Most significant cash transactions include the following:

- \$88,088 cash expenditures on operating costs

Working capital deficiency was \$197,796 as at May 31, 2009. This compares to working capital deficiency of \$68,230 as at November 30, 2008. The decrease in working capital is a result of normal operating expenditures.

Receivables at the end of the period were \$3,585 consisting of GST input tax credits. Prepaid expenses of \$1,943 relate to maintenance of the Company's website.

Accounts payable and accrued liabilities of \$73,577 consist mostly of trade payables.

Due to related parties represents \$8,500 in unsecured operating cash demand loans bearing interest at 3% per annum advanced by a director and companies with common directors; \$40 in accrued interest payable on these loans; and \$121,742 in amounts owing to directors and companies with common directors for unpaid project management services, expenses and salaries, which are unsecured, non interest bearing and payable on demand.

7.1 Operating Cash Flow

The Company is still considered to be in the exploration and development stage and as such does not earn any significant revenue. Interest earned on cash deposits and GST refunds totalled \$102 for the six months ended May 31, 2009. Cash flow expended on operations before changes in non-working capital items for the period was \$99,027 compared to \$123,994 for the six months ended May 31, 2008. Changes in non-cash working capital items for the period were a cash inflow of \$10,939 compared to an inflow of \$57,143 for the six months ended May 31, 2008.

Cash used by operations after taking into effect changes in working capital items for the six months ended May 31, 2009 was \$88,088. This compares to an outflow of \$66,851 for the 2008 comparative period.

7.2 Investing Activities

Cash outflow from investing activities was \$154 for the six months ended May 31, 2009 (2008: \$52,698), all of which was spent on mineral property exploration. Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows. The following transactions have been excluded from the statement of cash flows: resource property costs of \$163

included in accounts payable and accrued liabilities and \$30,223 included in due to related parties at May 31, 2009.

In March 2007, the Company issued 3,060,000 flow-through shares for total proceeds of \$153,000, and in August 2008, the Company issued 1,500,000 flow-through shares for total proceeds of \$225,000. The Company is committed to spending the flow-through unit proceeds on exploration activities and to renouncing \$153,000 and \$225,000 of eligible Canadian exploration expenditures to the subscribers of the flow-through shares. These amounts will not be available to the Company for future deduction from taxable income. As at December 31, 2008, the Company has fully renounced and expended its qualifying exploration expenditure commitments under the \$153,000 March 2007 flow-through financing. As at May 31, 2009, the Company has renounced and expended \$144,470 (December 31, 2008: \$119,066) of its qualifying exploration expenditure commitments under the \$250,000 August 2008 flow-through financing, and has until December 31, 2009 to expend the \$105,530 balance.

7.3 Financing Activities

Cash inflows from financing activities for the six months ended May 31, 2009 were \$83,601 compared to \$36,000 in the 2008 comparative period and included the following:

- \$83,601 from amounts owed to related parties.

Due to related parties of \$130,282 represents \$8,500 in unsecured operating cash demand loans bearing interest at 3% per annum advanced by a director and companies with common directors; \$40 in accrued interest on these loans; and \$121,742 in amounts owing to directors and companies with common directors for unpaid project management services, expenses and salaries, which are unsecured, non interest bearing and payable on demand.

An additional \$30,223 owing to related parties was offset against resource property costs for purposes of the Statements of Cash Flows, because they relate to exploration expenditures.

Subsequent to May 31, 2009, on June 5, 2009, the Company received a \$2,070 cash advance from a director in the form of an unsecured demand loan bearing interest at 3% per annum. On June 26, 2009, the Company repaid a \$500 cash advance to a company related by virtue of common directors. On July 14, 2009, the Company received a \$500 cash advance from a company related by virtue of a common director in the form of a demand loan bearing interest at 3% per annum.

7.4 Commitments

The Company is committed to make certain cash payments, share issuances and exploration expenditures in order to keep its properties in good standing, as described under “*Results of Operations - Mineral Properties*” above.

The Company is committed to certain management contracts as described under “*Related Party Transactions*” below.

7.5 Sources of Financing

The Company’s financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and the attainment of profitable operations. Management is of the opinion that the Company will continue to be able to meet its liabilities as they become payable.

8. OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

9. RELATED PARTY TRANSACTIONS

Transactions with related parties are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by related parties), which approximate the arm's length equivalent value for sales or products.

The Company is committed to the following management and consulting agreements with directors, officers and/or companies related by common directors:

- Pursuant to a management agreement dated October 1, 2007, the Company was committed to pay the President of the Company a monthly salary of \$7,500 per month plus \$1,500 per month for office, insurance and automobile expenses for the term of the contract expiring December 31, 2008. During the first quarter of 2009, a new management agreement dated January 1, 2009 was signed to pay a monthly salary of \$2,500 per month plus \$1,500 per month for office, insurance and automobile expenses for the term of the contract expiring December 31, 2009.
- Pursuant to an agreement dated April 1, 2007, the Company paid \$5,000 per month to a company with a common director for administrative and consulting services until expiry of said contract on December 31, 2007. During the first quarter, a new agreement dated January 1, 2009 was signed to pay \$5,000 per month for administrative and consulting services for the term of the contract expiring December 31, 2009.
- Pursuant to a project management agreement dated October 1, 2007, the Company was committed to pay a director of the Company a monthly salary of \$3,500 plus \$750 per month for office, insurance and automobile expenses for the term of the contract expiring December 31, 2008. During the quarter, the agreement was renewed to December 31, 2009.

The Company incurred the following charges with directors of the Company and companies with common directors:

| | Six months ended May 31, <u>2009</u> | Year ended November 30, <u>2008</u> |
|------------------------------------|---|---|
| Administrative and consulting fees | \$ 25,000 | \$ 5,000 |
| Management salaries | 47,000 | 81,000 |
| Loan interest | <u>40</u> | <u>303</u> |
| | <u>\$ 72,040</u> | <u>\$ 86,303</u> |

These expenditures were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

Resource property costs for the six months ended May 31, 2009 include \$29,980 paid to a director of the Company and companies with common directors for project management services (2008 - \$103,130).

Due to related parties of \$130,282 represents \$8,500 in unsecured operating cash demand loans bearing interest at 3% per annum advanced by a director and companies with common directors; \$40 in accrued interest on these loans; and \$121,742 in amounts owing to directors and companies with common directors for unpaid project management services, expenses and salaries, which are unsecured, non interest bearing and payable on demand.

Subsequent to May 31, 2009, on June 5, 2009, the Company received a \$2,070 cash advance from a director in the form of an unsecured demand loan bearing interest at 3% per annum. On June 26, 2009, the Company repaid a \$500 cash advance to a company related by virtue of common directors. On July 14, 2009, the Company received a \$500 cash advance from a company related by virtue of a common director in the form of a demand loan bearing interest at 3% per annum.

On December 11, 2007, the Company granted an aggregate of 560,000 options to its directors and officers at an exercise price of \$0.15 per share, exercisable up to December 11, 2009. The President received 155,000 options, the Chief Financial Officer and Secretary received 50,000 options, a director received 155,000 options, and two directors received 100,000 options each. These options were cancelled on March 23, 2009.

On June 29, 2009, the Company granted incentive stock options to purchase 660,000 common shares at \$0.05 per share until June 29, 2010. These options were all granted to directors and an individual who beneficially owns more than 10% of the voting rights of the Company's shares.

Other than the reimbursement of general administrative and business expenses, no other monies were paid to related parties. All related party transactions are in the normal course of business and priced within industry standards.

10. CAPITALIZATION

Shareholder's equity was \$179,372 as at May 31, 2009 compared to shareholder's equity of \$278,399 as at November 30, 2008.

10.1 Share Capital

Outstanding share data as at July 30, 2009 is as follows:

Authorized:

Unlimited number of common shares

| Issued and outstanding: | <u>Number</u> | <u>Amount</u> |
|--------------------------------------|------------------|-------------------|
| Balance, March 9, 2007 | - | \$ - |
| For cash: | | |
| Pursuant to a private placement | - at \$0.05 | 5,100,000 |
| For Baie Comeau property acquisition | - at \$0.05 | <u>500,000</u> |
| | | <u>25,000</u> |
| Balance, November 30, 2007 | 5,600,000 | 280,000 |
| For cash: | | |
| Pursuant to a private placement | - at \$0.15 | 3,000,000 |
| Share issue costs | - | (216,939) |
| Recovery of future income tax asset | - | <u>(48,000)</u> |
| Balance, November 30, 2008 | <u>8,600,000</u> | <u>\$ 465,061</u> |

| | | |
|---|------------------|-------------------|
| For cash: | | |
| Recovery of future income tax asset | - | (70,425) |
| Balance, May 31, 2009 and July 31, 2009 | <u>8,600,000</u> | <u>\$ 396,636</u> |

As at July 30, 2009, the Company has 8,600,000 common shares issued and outstanding, of which 3,450,000 are held in escrow. On January 14, 2009, 100,000 common shares were issued from treasury as initial payment pursuant to the Durand property option agreement, but were not delivered to the Vendor. The Durand property option agreement was cancelled in March 2009 and the 100,000 common shares were cancelled and returned to treasury.

10.2 Stock Options

Outstanding option data as at July 30, 2009 is as follows:

| | Number | Weighted Average Exercise Price |
|-----------------------------------|-----------|------------------------------------|
| <u>Balance, November 30, 2007</u> | - | - |
| Exercised | - | - |
| Cancelled | - | - |
| Granted | 560,000 | \$0.15 |
| <u>Balance, November 30, 2008</u> | 560,000 | \$0.15 |
| Exercised | - | - |
| Cancelled | (660,000) | \$0.135 |
| Granted | 440,000 | \$0.05 |
| <u>Balance, May 31, 2009</u> | 340,000 | \$0.05 |
| Exercised | - | - |
| Cancelled | - | - |
| Granted | 660,000 | \$0.05 |
| <u>Balance, July 30, 2009</u> | 1,000,000 | \$0.05 |

On December 11, 2007, the Company granted an aggregate of 560,000 options to its directors and officers at an exercise price of \$0.15 per share, exercisable up to December 11, 2009. These options were cancelled on March 23, 2009.

On January 7, 2009, the Company granted incentive stock options to consultants to purchase 440,000 common shares of the Company at a price of \$0.05 per share, exercisable until January 11, 2011. On February 7, 2009, the Company cancelled 100,000 of these stock options that were issued to a consultant who ceased to perform investor relations activities for the Company and whose options had not yet vested.

On June 29, 2009, the Company granted incentive stock options to directors and consultants to purchase 660,000 common shares of the Company at a price of \$0.05 per share, exercisable until June 29, 2010.

As at July 30, 2009, the Company has 1,000,000 share purchase options outstanding. The following table provides information about share purchase options outstanding and exercisable as at July 30, 2009.

| <u>Number</u> | <u>Exercise Exercise Price</u> | <u>Expiry Date</u> |
|------------------|------------------------------------|--------------------|
| 660,000 | \$0.05 | June 29, 2010 |
| <u>340,000</u> | <u>\$0.05</u> | January 7, 2011 |
| <u>1,000,000</u> | <u>\$0.05</u> | |

10.3 Warrants

Outstanding warrant data as at July 30, 2009 is as follows:

| | Number | Weighted Average Exercise Price |
|--|---------------|--|
| <u>Opening balance, March 9, 2007</u> | - | - |
| Exercised | - | - |
| Cancelled | - | - |
| Granted | 2,550,000 | \$0.10 |
| <u>Balance, November 30, 2007</u> | 2,550,000 | \$0.10 |
| Exercised | - | - |
| Cancelled | - | - |
| Granted | 300,000 | \$0.15 |
| <u>Balance, November 30, 2008</u> | 2,850,000 | \$0.11 |
| <u>Balance, May 31, 2009 and July 30, 2009</u> | 2,850,000 | \$0.11 |

During the year ended November 30, 2008, the Company issued 300,000 warrants to the agents of a private placement, exercisable at \$0.15 per share until August 22, 2009.

On February 13, 2009, the Company extended the expiry date of 2,550,000 previously issued warrants from March 9, 2009 to March 9, 2012. The remaining terms of the warrants, including the exercise price of \$0.10 per share, remain the same.

As at July 30, 2009, the Company has 2,850,000 share purchase warrants outstanding. The following table provides information about share purchase warrants outstanding and exercisable as at July 30, 2009.

| <u>Number</u> | <u>Exercise Exercise Price</u> | <u>Expiry Date</u> |
|------------------|------------------------------------|--------------------|
| 300,000 | \$0.15 | August 22, 2009 |
| <u>2,550,000</u> | <u>\$0.10</u> | March 9, 2012 |
| <u>2,850,000</u> | <u>\$0.10</u> | |

10.4 Contributed Surplus

| | 2009 | 2008 |
|------------------------------|-------------|-------------|
| Balance, beginning of period | \$ 35,200 | \$ - |
| Stock-based compensation | 3,400 | 11,200 |
| Agent compensation | - | 24,000 |
| Balance, end of period | \$ 38,600 | \$ 35,200 |

11. BOARD OF DIRECTORS & OFFICERS

The directors of the Company are Donald (Dan) M. Clark (President), Paul F. Antoniazzi, Jonathan M. Samuda (Secretary), and Fred Kiernicki. Mark Lofthouse elected to not continue as a director effective as of the Company's annual general meeting held on May 22, 2009. Sandra Wong is Chief Executive Officer.

12. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities, revenues and expenses. These estimates are based upon historical experience and on various other assumptions that management believe to be reasonable under the circumstances, and require judgement on matters which are inherently uncertain.

13. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New Accounting Standards

Effective December 1, 2007, the Company adopted five new Canadian Institute of Chartered Accountants ("CICA") accounting standards: (a) Handbook Section 1535, *Capital Disclosure*; (b) handbook Section 3862 and 3863, *Financial Instruments – Disclosure and Presentation*; (c) Handbook Section 1506, *Accounting Changes*; (d) Emerging Issues Committee abstract No. 166, *Accounting Policy Choice for Transaction Costs*; and (e) Handbook Section 1540, *Cash Distributions*. The main requirements of these new standards and the resulting financial statement impact are described below.

Consistent with the requirements of the new accounting standards, the Company has not restated any prior period amounts as a result of adopting the accounting changes. The effect of the adoption of these standards is summarized below:

i) Capital Disclosure, Section 1535

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of

Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company's investment policy is to hold excess cash in interest bearing bank accounts.

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the period ended May 31, 2009.

ii) Financial Instruments – Disclosure and Presentation, Section 3862 and 3863

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is not exposed to major credit risk as it has no customers. Additionally, the majority of the Company's cash is held with a high rated Canadian financial institution in Canada.

b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

As at May 31, 2009, the Company's financial liabilities were comprised of accounts payable and accrued liabilities and due to related parties. As at May 31, 2009, the Company had current assets of \$6,063 (2008 - \$16,023) and current liabilities of \$203,859 (2008 - \$84,253). All of the Company's financial liabilities and receivables have contractual maturities of less than 90 days and are subject to normal trade terms. Current working capital deficit of the Company is \$197,796 (2008 - \$68,230).

c) Market Risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the development stage and has not yet developed commercial mineral interests, the underlying commodity price for minerals is impacted by changes in the exchange rate between the Canadian and United States dollar. As all of the Company's transactions are denominated in

Canadian dollars, the Company is not significantly exposed to foreign currency exchange risk at this time.

ii) Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As the Company has no interest-bearing investments or debt, it is not exposed to interest rate risk at this time.

iii) Accounting Changes, Section 1506:

Section 1506 revised the standards on changes in accounting policy, estimates or errors to require a change in accounting policy to be applied retrospectively (unless doing so is impracticable or is specified otherwise by a new accounting standard), changes in estimates to be recorded prospectively, and prior period errors to be corrected retrospectively. Voluntary changes in accounting policy are allowed only when they result in financial statements that provide reliable and more relevant information. In addition, these revised standards call for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact of this new standard cannot be determined until such time as the Company makes a change in accounting policy, other than the changes resulting from the implementation of the new CICA Handbook standards discussed in this note.

iv) Transaction Costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued abstract No. 166, Accounting Policy Choice for Transaction Costs (“EIC-166”). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial liabilities that are classified as other than held-for-trading to its initial carrying cost measured upon the adoption of CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement (“Section 3855”). Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has evaluated the impact of EIC – 166 and is expensing these costs where applicable, and determined no adjustments are currently required in the Company’s financial statements.

v) Cash Distributions

CICA Handbook Section 1540, Cash Flow Statements, has been amended to require additional disclosures where cash distributions are made in accordance with a contractual obligation for cash distributions. The adoption of this section has not resulted in any changes on the disclosure within the financial statements.

Recent Released Canadian Accounting Standards

Assessing Going Concern

The Canadian Accounting Standards Board (“AcSB”) AcSB amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning

on or after January 1, 2008. The adoption of this Section is not expected to result in any changes on the disclosure within the financial statements.

Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning October 1, 2008. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company is currently evaluating the impact of the adoption of this new section on its financial statements.

International Financial Reporting Standards (“IFRS”)

In 2006, AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

14. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying values of cash, amounts receivable, amounts due to related parties, and accounts payable approximate their fair values due to the relative short-term maturity of these instruments. The Company is not exposed to significant interest rate risk or credit concentration risk arising from these financial instruments. The Company’s functional currency is the Canadian dollar. All current exploration occurs within Canada. There is no significant foreign exchange risk to the Company.

15. DISCLOSURE CONTROLS AND PROCEDURES

15.1 Disclosure Controls and Procedures

Disclosure controls and procedures are defined under Multilateral Instrument 52-109 – Certification of Disclosure Controls in Issuers’ Annual and Interim Filings (“MI 52-109”). The Company is required to perform an evaluation of disclosure controls and procedures annually and to disclose management’s conclusions about the effectiveness of these disclosure controls and procedures in its annual MD&A.

The Company has established, and is maintaining disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is disclosed in annual and interim filings or other reports and recorded, processed, summarized and reported within the time periods specified as required by securities regulations.

The Company has conducted a review and evaluation of its disclosure controls and procedures for the financial period ended May 31, 2009, with the conclusion that it has an effective system of disclosure controls, and procedures as defined under MI 52-109. In reaching this conclusion, the Company recognizes that two key factors must be and are present:

- The Company is dependent upon its advisors and consultants (primarily its legal counsel) to assist in recognizing, interpreting, understanding and complying with the various securities regulations disclosure requirements; and
- An active Board and management with open lines of communication

The Company has a small staff with varying degrees of knowledge concerning the various regulatory disclosure requirements. The Company is not of a sufficient size nor does it possess the financial resources to internally maintain specialists in this area. As a result, the Company must rely upon the assistance of its advisors and consultants and as such, they form a part of the disclosure controls and procedures.

In addition to being aware of the disclosure requirements, proper disclosure also necessitates sufficient involvement in the affairs of the Company such that information is communicated and received to allow the assessment of any necessary disclosure requirements. Accordingly, it is essential that there be effective communication among those individuals who manage and govern the affairs of the Company, principally the Board of Directors and senior management. The Company believes this communication exists.

15.2 Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with accounting principles generally accepted in Canada to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements. Internal control over financial reporting includes:

- maintaining records that in reasonable detail accurately and fairly reflect our transactions and dispositions of the assets of the Company;
- providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with generally accepted accounting principles;
- providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and
- providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on the Company's financial statements would be prevented or detected on a timely basis.

Management assessed the effectiveness of the Company's internal control over financial reporting as of May 31, 2009. Based on this assessment, the Company's Chief Executive Officer and Chief Financial Officer have determined that, as of May 31, 2009, the Company's internal control over financial reporting is effective and have certified the Company's annual filings with Canadian securities regulatory authorities.

- **Changes in Internal Controls**

No significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses, were made as a result of the evaluation.

15.3 Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

16. RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves.

The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral exploration may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

17. CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

This Management's Discussion and Analysis contains "forward-looking statements, within the meaning of applicable Canadian Securities legislation", that involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold and copper, the estimation of mineral reserves and resources, the realization of mineral estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", or "might" be taken, occur or be achieved. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: risks relating to the integration of acquisitions, risk relating to international operations, the actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and copper; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; fluctuations in metal prices; as well as those risk factors discussed or referred to in the Company's annual Management's Discussion and Analysis for the year ended November 30, 2008 filed with the securities regulatory authorities in Canada and available at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements.

18. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of the Company and all the information in this Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the Management's Discussion and Analysis and has ensured that it is consistent with that in the financial statements.

The Company maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and the majority of its members are independent directors. The Committee meets at least once a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors. The interim financial statements have not been audited by the Company's auditors. The Company's auditors have full and free access to the Audit Committee.

On Behalf of the Board,
RT MINERALS CORP.

Donald M. Clark,
President