

RANGE ENERGY RESOURCES INC.

(formerly RANGE METALS INC.)

Management's Discussion & Analysis

***for the period ended
December 31, 2009***

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General

Range Energy Resources Inc., formerly Range Metals Inc., (“Range” or the “Company”) was incorporated under the laws of British Columbia, Canada on March 1, 2005. On October 24, 2006, the Company's common shares were listed and called for trading on the Canadian National Stock Exchange (“CNSX”) and its current symbol is RGO. On February 12, 2007 the Company listed on the Frankfurt stock exchange. The Company amalgamated with its wholly-owned subsidiary Range Oil & Gas Inc., effective December 31, 2009, and on January 22, 2010 changed its name from Range Metals Inc. to Range Energy Resources Inc. The Company is a development stage company engaged in the acquisition and exploration of mineral and oil and gas resource properties. As at December 31, 2009, the Company’s principal asset is an indirect investment in an oil and gas resource property referred to as the Khalakan Block which is domiciled in the Kurdistan Region of Iraq (see Financing and Acquisition Activities). The Company also intends to pursue other opportunities in the Middle East.

Management’s discussion and analysis (“MD&A”) has been prepared based on information available to Company as of April 27, 2010, unless otherwise stated. MD&A provides a detailed analysis of the Company’s business and compares its results with those of the previous year and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2009. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”).

The Company completed a plan of arrangement (the “Arrangement”) under Section 288 of the *Business Corporations Act* (British Columbia) with an effective date of April 30, 2008. Pursuant to the Arrangement, the Company reorganized its business by spinning-out its then wholly-owned subsidiary, Range Gold Corp., to the Company shareholders. Persons who were shareholders of the Company on the effective date received one common share of Range Gold for every two common shares of the Company held as of the effective date. Range Gold also issued to holders of the Company warrants, based on the same ratio, share purchase warrants entitling the holders to purchase an aggregate 950,000 common shares of Range Gold. No fractional shares were issued and any fractional shares were cancelled. On May 1, 2008 Range Gold commenced trading on the Canadian National Stock Exchange (“CNSX”).

In November, 2009 the Company completed a Subscription Receipt financing totalling \$25,488,000 - \$24,358,000 in cash and \$1,130,000 exchange for debt. Approximately \$17.3 million of the proceeds were used to complete an acquisition transaction that saw the Company acquire, in an arm’s length acquisition, a 24.95% indirect interest in a company with an 80% interest in a production sharing contract governing the Khalakan Block in the Kurdistan Region of Iraq. The remainder of the proceeds will be used to fulfil its exploration and development obligations and for general corporate purposes.

The oil and gas exploration business is risky and most exploration projects will not become producing wells. The Company may offer an opportunity to an oil and gas company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from its treasury to investors. These stock issues depend on numerous factors including a positive resource exploration environment, positive commodity and stock market conditions, the Company’s track record, and the experience of management. The recent credit crisis and turmoil in the capital markets is severely limiting the access to funds and the Company is moving forward cautiously.

Critical Accounting Policies

New accounting standards and the Company’s accounting policies are described in Notes 2 and 3 to the audited consolidated financial statements for the period ended December 31, 2009. Management considers the following policies to be the most critical in understanding the judgments and estimates that are involved in the preparation of its consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the valuation of resource property interests, the valuation or recoverability of due from related party, asset retirement obligations, expected tax rates and the utilization of future income tax assets, fair value measurements for financial instruments and the measurement of stock-based transactions. Financial results as determined by actual events could differ from those estimates.

Resource Property Interests

The Company's current business activity focus is on the exploration and development of oil and gas properties. The cost of evaluating and developing potential oil and gas projects have been expensed. In the event that the Company elects to proceed with the development of a project, capitalized acquisition, exploration and development expenditures will be amortized against future production upon commencement of commercial production, or written off if the properties are sold or abandoned.

Overall Performance

The Company has been seeking oil and gas exploration and development opportunities, primarily Iraq, the Middle East (Oman) and in Central and East Africa.

In November, 2009 the Company completed a Subscription Receipt financing totalling \$25,488,000 - \$24,358,000 in cash and \$1,130,000 exchange for debt. Approximately \$17.3 million of the proceeds were used to complete an acquisition transaction that saw the Company acquire, in an arm's length acquisition, a 24.95% indirect interest in a company with an 80% interest in a production sharing contract governing the Khalakan Block in the Kurdistan Region of Iraq. The remainder of the proceeds will be used to fulfil its exploration and development obligations and for general corporate purposes.

A contemplated Oman project failed to materialize and as the Company continues to focus on its Khalakan project, and the likelihood of realizing any value in the near future was low, it was deemed appropriate to write-off the Company's investment of \$161,940.

Effective December 31, 2009 the Company, then Range Metals Inc., amalgamated with its wholly owned subsidiary Range Oil & Gas Inc. and on January 22, 2010, changed its name to Range Energy Resources Inc.

Results of Operations

Period ended December 31, 2009 compared with period ended December 31, 2008

The Company reported net loss of \$2,593,399 (\$0.06 per share) for the period ended December 31, 2009 as compared to net loss of \$1,464,285 (\$0.04 per share) for the same period in 2008.

Operating expenses for the period ended December 31, 2009 totalled \$2,031,528 which is \$671,627 higher than the 2008 expenses of \$1,358,901. Notable administrative costs include legal and accounting fees, consulting fees, and transaction costs related to the completed financing and Khalakan acquisition. See Financing and Acquisition Activities. As at December 31, 2009, the Company has accumulated losses since inception of \$7,378,466.

Selected Annual Information.

The following information should be read in conjunction with the referenced financial statements and the notes thereto.

	Period ended December 31, 2009 (audited)	Period ended December 31, 2008 (audited)	Period ended December 31, 2007⁽¹⁾ (restated)
Operating Data:			
Total revenue	--	--	--
Total expenses	\$2,031,528	\$1,358,901	\$2,431,248
Loss from operations	(\$2,031,528)	(\$1,358,901)	(\$2,431,248)
Net loss for the period	(\$2,593,399)	(\$1,464,285)	(\$2,446,985)
Basic and diluted loss per share.....	(\$ 0.06)	(\$ 0.04)	(\$ 0.09)
Dividends.....	--	--	--
Balance Sheet Data:			
Total assets	\$22,767,739	\$610,849	\$884,494
Total long term liabilities	--	\$346,044	--

⁽¹⁾ Includes results of a wholly-owned subsidiary of the Company that was spun out in April 2008.

Summary of Quarterly Results

The summary of consolidated quarterly results has been prepared in accordance with Canadian GAAP:

	Revenue	Income (Loss)	Income (Loss) per share
	\$	\$	\$
December 31, 2009	-	(2,225,102)	(0.013)
September 30, 2009	-	(887,893)	(0.031)
June 30, 2009	-	(164,634)	(0.004)
March 31, 2009	-	(121,297)	(0.004)
December 31, 2008	-	(132,090)	(0.005)
September 30, 2008	-	(646,379)	(0.022)
June 30, 2008	-	(513,411)	(0.016)
March 31, 2008	-	(208,013)	(0.007)

Use of Proceeds

On February 28, 2009, the Company raised \$50,000 through the issuance of two promissory notes. The promissory notes pay simple interest at a rate of 8.0% per annum and have a due date of February 28, 2011. During the period the Company also received \$66,600 in short term loans, with no interest or prepayment provisions, from the President of the Company. These amounts were paid down prior to year-end.

On October 22, 2009 the Company closed a private placement financing of subscription receipts, previously announced on September 21, 2009, for gross proceeds of \$25,238,000. On November 2, 2009 an additional \$250,000 was added for total gross proceeds of \$25,488,000. The Company issued 127,440,000 subscription receipts ("Subscription Receipts") at a price of \$0.20 per Subscription Receipt. The Subscription Receipts were subsequently converted, on November 17, 2009 into an equal number of Shares and share purchase warrants, where each Subscriber's Warrant entitles the holder to purchase one Share for C\$0.40 for a two-year period from issuance of the Subscription Receipt

Resource Properties

a) Iraq / Kurdistan

During the year, Company management visited the region several times and been in discussions with local Kurdistan and Middle East companies with a view to forming joint ventures or partnerships to bid for one or more production sharing agreements in the Kurdistan region of Iraq.

On November 17, 2009 the Company announced, in connection with the Acquisition, that it had acquired a 24.95% indirect interest in a company with an 80% interest in a production sharing contract governing the Khalakan Block in the Kurdistan Region of Iraq. The Company acquired 49.9% of the shares of New Age Al Zarooni 2 Limited (“NAAZ2”), a company domiciled in Jersey, Channel Islands, from a privately held company (the “Vendor”) which owns 50% of the shares in Gas Plus Khalakan Limited which is the sole contractor for the Khalakan Block under a Production Sharing Contract, dated June 11, 2009, with the Kurdistan Regional Government of Iraq.

The consideration paid for the shares was as follows:

- (a) US\$16,367,000 (\$16,862,774) cash;
- (b) 2,000,000 common shares of the Company with an estimated fair value of \$400,000 measured on the date of issuance;
- (c) 1,500,000 warrants to purchase 1,500,000 common shares of the Company exercisable for a term of five years at a price of \$0.30 per share, valued at \$509,293 measured on the date of issuance using the Black-Scholes option-pricing model; and
- (d) US\$44,000 (\$46,728) of expenses reimbursed to the Vendor.

The transaction closed on November 17, 2009. In connection with the transaction, the Company issued 3,250,000 common shares of the Company for corporate advisory services to unrelated third parties. The estimated fair value of these shares of \$650,000, measured on the date of issuance, has been recorded as transaction costs in the statement of operations during the year ended December 31, 2009.

The Khalakan Block consists of two concessions, Blocks 28 and 29 (sometimes referred to as Blocks 6 and 7), and comprises 624 sq. km. (154,205 acres) located in the central part of the Kurdistan Region of Iraq. The Khalakan Block lies between the concession which contains the Taq Taq oilfield and the concession which contains the recent discovery at Miran by Heritage Oil Limited.

See Company news releases dated October 22, 2009, November 3, 2009 and November 17, 2009.

Liquidity

Financing of operations in 2009 has been achieved primarily through loans from the President of the Company and a \$25.488 million financing. See Financing Activities. At December 31, 2009, the Company had \$4,656,301 in cash, \$15,230 in receivables, \$10,167 in prepaids, and working capital surplus of \$4,587,585.

During the year ended December 31, 2009, net operating expenditures were \$2,031,528 compared to \$1,358,901 for the same period in 2008. The 2009 expenditures were higher primarily due to decreased legal fees, consulting fees, and audit and accounting fees. See Financing and Acquisition Activities.

Capital Resources

The Company has capital assets of \$2,101, consisting of computer equipment. The Company expenses all research, evaluation and investigative costs related to the resource properties until the properties are put into commercial production and amortized or written-off when abandoned or when delays in the development process require a revaluation.

Financing and Acquisition Activities

On February 28, 2009, the Company raised \$50,000 through the issuance of two promissory notes. The promissory notes pay simple interest at a rate of 8.0% per annum and have a due date of February 28, 2011. One \$25,000 promissory note was issued to Donald Sheldon, a director and officer of the Company. The other \$25,000 promissory note was issued to an unrelated party. The promissory notes were paid out prior to the end of the year.

During the months of June, July and September 2009 the Company received a total of \$66,600 in short term loans from Donald Sheldon, a director and officer of the Company, for working capital needs. These loans carry no interest and have no repayment terms. The short terms loans were paid out prior to the end of the year.

In November, 2009 the Company completed a Subscription Receipt financing totalling \$25,488,000 - \$24,358,000 in cash and \$1,130,000 exchange for debt. The Company issued 127,440,000 subscription receipts ("Subscription Receipts") at a price of \$0.20 per Subscription Receipt. The Subscriptions Receipts were subsequently converted into an equal number of shares and share purchase warrants, where each subscribers' warrant entitles the holder to purchase one share for C\$0.40 for a two-year period from issuance of the Subscription Receipt

Roche Securities Ltd. and Topleft Securities Ltd., exempt market dealers registered in Ontario, Canada, among others, acted as finders in connection with the offering and received a corporate finance fee of C\$50,000. Finders acting in connection with the offering received \$1,450,980 in cash finders' fees, equivalent to 6% of the proceeds raised by them and were issued options ("Finders' Warrants") entitling them to purchase an aggregate of 7,254,900 Shares at \$0.20 each at any time up to two years from the date of issuance.

Officers, directors and consultants of Range or its subsidiary, participated in the Subscription Receipt financing by the conversion of C\$1,130,000 in debt owing to them on the same terms; no finders' fees or Finders' Options were paid or issued on such subscriptions.

Concurrent with the closing of the Acquisition, C\$50,000 and 250,000 Shares ("Advisory Shares") have been issued to Haywood Securities Inc. pursuant to a September 24, 2009 Advisory Agreement, and 3,000,000 Shares ("DAM Shares") have been issued to Dynamic Asset Management Ltd., an arm's length party which was instrumental in introducing and closing the Acquisition.

The Company received aggregate gross proceeds pursuant to the issuance of the Subscription Receipts in the amount of C\$24,358,000, which was held in escrow pending the closing of the Acquisition. The amount of US\$15,911,000 has been paid for the costs of the Acquisition as set out above. Finders' fees, offering and Acquisition closing expenses amounted to approximately C\$1.7 million; the balance of approximately C\$7.0 million will be delivered to or on account of Range for its ongoing share of drilling and exploration costs and general and administrative expenses.

Prior to the closing of the Acquisition there were 29,187,840 Range Shares issued and outstanding. Following conversion of the Subscription Receipts, the issuance of Shares to the Vendor, the Advisory Shares and the DAM Shares, there were 161,877,840 Shares issued and outstanding.

In the event that all of the Company's existing and transaction related warrants and options are exercised, there would be 304,910,240 common shares issued and outstanding (fully diluted) and proceeds from such exercise of all such warrants and options would be approximately \$55.3 million. There is no guarantee that all or any of such warrants and options will be exercised.

Pursuant to commitments related to incurring qualified exploration expenses under the Canadian Flow-Through Share (FTS) Program, the Company completed a flow-through financing during the month of April 2008 to finance exploration activities for, at the time, its wholly-owned subsidiary Range Gold Corp., and has completed all related renunciations and filings.

On April 28, 2008 the Company completed a flow-through financing of 600,000 common shares at \$0.25 per share for total proceeds of \$150,000. A finder's fee of \$7,500 was paid. Proceeds will be used to finance qualified Canadian Exploration Expenses.

On October 15, 2008 the Company issued \$410,000 in Convertible Debentures to two parties - an unrelated, Hong Kong-based investment company, and a private holding/management company controlled by Donald Sheldon, a director and officer of the Company. The Debentures have a term expiring September 19, 2010 and an interest obligation accruing at a rate of 8.0% per annum. The Debentures are convertible into units of the Company at a rate of \$0.40 per unit. Each unit consists of one common share of the Company and one share purchase warrant that entitles the holder to purchase one common share of the Company for \$0.75 per share for up to 2 years after the conversion date.

On November 3, 2008 the Company issued 75,000 common shares to Jennings Capital Inc. of Calgary, Alberta in payment of a \$37,500 work fee related to corporate finance services that include seeking investors and / or strategic partners for the Oman Block 57 project.

Transactions with Related Parties

The management functions of the Company are performed by our directors and senior officers and we have no management agreements or arrangements under which such management functions are performed by persons other than the directors and senior officers of the Company other than the contracts described below. The Board has approved these contracts having taken into consideration the level of service provided and compensation offered by companies comparable to the Company in terms of size, assets and stage of development. The Board is satisfied that the level of compensation continues to be competitive with that of comparable companies.

Effective September 1, 2009, all of the management service duties and compensation terms, pursuant to the February 15, 2008 Executive Services Agreement between the Company and D.S. Management Ltd., were assigned or otherwise transferred to Sayonara Holdings Ltd., a new management services company wholly owned by Donald Sheldon, President and a director of the Company. The Executive Services Agreement in effect in 2009 paid management fees in the amount of \$3,000 per month and approved expenses. During the period, the Company paid or accrued fees of \$36,000 under this arrangement, and paid a performance bonus of \$40,000. On January 1, 2010 a new Executive Services Agreement was entered into that increased the monthly management fee to \$5,000.

During the year, Donald Sheldon and companies controlled by him advanced to the Company promissory notes (\$25,000), short term loans (\$66,660) and convertible debentures (\$290,000) totalling \$381,600. Mr. Sheldon also injected prepaid subscriptions in the amount of \$856,000 and exchanged \$900,000 of amounts owed to him for subscription to the offering of Subscriptions Receipts that closed October 21, 2009. See Financing and Acquisition Activities.

The Company has an existing Corporate Management Agreement with VenturePlus Partners, an entity operated by Garth Edgar. Mr. Edgar is Chief Financial Officer of the Company and is responsible for general management, accounting, governance and overall administrative duties. The Agreement provides for a monthly fee of \$7,000 plus approved expenses. The Corporate Management Agreement in effect in 2009 paid management fees in the amount of \$7,000 per month and approved expenses. During the period, the Company paid or accrued fees of \$87,000 under this arrangement, and paid a performance bonus of \$60,000. On January 1, 2010 a new Corporate Management Agreement was entered into that increased the monthly management fee to \$10,000.

During the period, the Company paid management fees in the amount of \$US 6,000 per month to Davidson Kelly & Co Ltd., a private company operated by Norman Davidson Kelly, and a director and CEO of former subsidiary Range Oil & Gas Inc. The May 1, 2007 Agreement for Services also calls for the Company to pay travelling and out-of-pocket expenses and the granting of 250,000 options to purchase shares in the Company for \$0.62 per share. During the period the Company paid or accrued fees \$79,365 under this arrangement and paid a bonus of \$87,750. On January 1, 2010 a new Agreement for Services Agreement was entered into that increased the monthly management fee to \$Cdn 8,000.. Davidson Kelly & Co. Ltd. agreed to exchange \$60,000 of this for subscription to an offering of Subscriptions Receipts by the Company that closed October 21, 2009. See Financing and Acquisition Activities.

The Company also paid consulting fees and expenses to Cantel Mining and Exploration Ltd. ("Cantel"), a private company operated by Roger Bethell, and director of former subsidiary Range Oil & Gas Inc. Cantel is paid a per diem on an "as-used" basis and travel expenses. During the period the Company paid or accrued fees of \$63,750

under this arrangement. Cantel agreed to exchange \$60,000 of amounts owed to Cantel for subscription to an offering of Subscriptions Receipts by the Company that closed October 21, 2009. See Financing and Acquisition Activities.

In recognition of their support during the financing and acquisition activity, Messrs. Murray and Mueller, directors of the Company, each received one-time bonuses of \$10,000. Also, a one time \$20,000 consulting fee was paid to a director of former subsidiary Range Oil & Gas Inc., who was instrumental in recent financing and acquisition activities, and this amount was exchanged for subscription to an offering of Subscriptions Receipts by the Company that closed October 21, 2009. See Financing and Acquisition Activities.

Changes in Accounting Policies, including Initial Adoption

Effective the first quarter commencing January 1, 2009, the Company has adopted the guidelines governed by Section 3862, "Financial Instruments - Disclosures"; and EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities"; and, EIC-174, "Mining Exploration Costs". These policies are outlined in Note 3 in the financial statements for the period ended December 31, 2009.

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board ("AcSB") confirmed that the use of IFRS will be required in 2011 for publicly accountable enterprises in Canada. In April 2008, the AcSB issued an IFRS Omnibus Exposure Draft proposing that publicly accountable enterprises be required to apply IFRS, in full and without modification, for annual and interim financial statements for years beginning on or after January 1, 2011.

The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for its year ended December 31, 2010, and of the opening balance sheet as at January 1, 2010.

Canadian GAAP and IFRS are similar in many respects, but the conversion will result in differences in recognition, measurement and disclosure in the financial statements. In order to prepare for this transition to IFRS, the Company has defined an official governance structure requiring the involvement of senior management and audit committee members and has also retained the services of external consultants.

The Company is continuing to assess the financial reporting impacts of the adoption of IFRS and, at this time, the company does not anticipate the adoption to have a significant impact on its financial position as at December 31, 2009. The Company does anticipate a significant increase in disclosure resulting from the adoption of IFRS.

Share Data

The share capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares, issuable in series, the rights and restrictions of which may be set by the Company's directors.

On November 17, 2009 the Company closed an asset acquisition transaction that resulted in the issuance of 132,690,000 common shares and 136,194,900 share purchase warrants.

At the date of this MD&A, there were no preferred shares issued and 162,377,840 common shares issued and outstanding.

Pursuant to the Company's 2009 Stock Option Incentive Plan, up to 5,837,568 options to purchase Range Energy shares may be issued. At December 31, 2009 5,837,500 options were issued and outstanding. On January 6, 2010 the Board of Directors approved a new 2010 Stock Option Incentive Plan that would allow up to 16,237,784 options to be granted.

At the date of this MD&A, there were 15,837,500 options outstanding and summarized below.

Date of Grant	Number of Options	Exercise Price	Expiry Date
May 11, 2005	1,000,000	\$0.075	May 11, 2010
February 7, 2007	750,000	\$0.55	February 7, 2012
June 12, 2008	800,000	\$0.20	June 12, 2013
July 4, 2008	850,000	\$0.30	July 4, 2013
July 23, 2008	800,000	\$0.62	July 23, 2013
July 23, 2008	200,000	\$0.62	July 23, 2011
July 8, 2009	937,500	\$0.35	July 8, 2014
January 7, 2010	<u>10,500,000</u>	\$0.30	Jan. 7, 2015
TOTAL	15,837,500		

On July 8, 2009 the Company granted 937,500 options. 262,500 to an officer of the Company; 50,000 to a director of the Company; 262,500 each to two directors of former subsidiary Range Oil & Gas Inc., and 100,000 to a consultant. Each option has an exercise price of \$0.35 per common share, expires July 8, 2014, and vested upon the date of grant.

500,000 options were exercised on January 5, 2010. On January 7, 2010 the Company allocated and otherwise granted 10,500,000 options. 4,500,000 to current directors of the Company; 2,000,000 to an officer of the Company, 3,000,000 to former directors of Range Oil & Gas Inc. that are proposed to be elected to Board of the Company board at the upcoming Annual General Meeting; and 1,000,000 to the Company's Middle East advisor.

The following table sets out all the outstanding share purchase warrants of the Company:

Number of Warrants to Purchase Common Shares	Exercise Price	Expiry Date
1,000,000	\$0.10	December 28, 2010
<u>136,194,900⁽¹⁾</u>	\$0.40	October 21, 2011
137,194,900		

(1) On November 17, 2009 the Company completed a financing and closed an asset acquisition transaction that resulted in the issuance of 132,690,000 common shares and 136,194,900 share purchase warrants. See "Financing and Acquisition Activities".

Risks and Uncertainties

Companies in the oil and gas exploration and development industry sectors are subject to many and varied kinds of risks, including but not limited to, environmental, commodity prices, political and economic risks.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has no oil and gas interests that are economically viable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish commercial viability of its current projects.

The Company is in the exploration stage only, without known bodies of commercial grade reserves. Oil and gas exploration is subject to a high degree of risk and requires significant financial resources. Exploration activities seldom result in the discovery of a commercially viable petroleum resource. The Company will therefore require additional financing to carry on its business, and such financing may not be available when it is needed.

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. Environmental hazards may exist on the properties on which the Company is seeking an interest, which are unknown to the Company at present and which may have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and

operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future, be required and obtained in connection with the Company's operations.

Forward Looking Information

Certain statements contained in this Management's Discussion & Analysis constitute forward looking statements. Such forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results and achievements expressed or implied by such 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. Readers are also advised to consider such forward looking statements while considering the risks set forth above. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, except as required by law.

Subsequent Events

500,000 options were exercised on January 5, 2010. On January 6, 2010 the Board of Directors approved a new 2010 Stock Option Incentive Plan that would allow up to 16,237,784 options to be granted. On January 7, 2010, the Company granted 10,500,000 stock options to officers, directors and consultants of the Company to purchase shares of the Company at an exercise price of \$0.30 for a term of five years. See Share Data.

To view the public documents of the Company, please visit the Company's profile on the SEDAR website at www.sedar.com.