

TERRAX MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the three months ended April 30, 2009

The following discussion and analysis should be read in conjunction with the Annual Financial Statements and related notes for the three months ended April 30, 2009. All dollar amounts are stated in Canadian funds. This discussion is based on information available as at June 29, 2009.

The Company was incorporated on August 1, 2007 pursuant to the provisions of the *Business Corporations Act* (British Columbia) under the name of TerraX Resource Corp. On March 31, 2008, the Corporation amended its notice of articles to change its name to TerraX Minerals Inc. The Company has no subsidiaries.

OVERVIEW

The principal business of the Company is the acquisition and exploration of mineral exploration properties.

The Corporation funded exploration of the Needle Lake Property in the Nunavut Territory using the proceeds of an Initial Public Offering ("IPO") completed on June 27, 2008 of 3.6 Million shares at \$0.25 per share for gross proceeds of \$900,000. An initial drill program was completed at Needle in September, 2008.

During the period under review, the Company reviewed a number of properties and entered into an agreement for the acquisition of an interest in the Sunbeam-Pettigrew gold property in the Thunder Bay Mining District of Ontario

Needle Property, Nunavut

Pursuant to an Option Agreement dated August 19, 2007 among TerraX, Kaminak Gold Corporation ("Kaminak") and 974134 NWT Ltd. (the registered holder of the Needle Lake Property, and a wholly-owned subsidiary of Kaminak) the Company has an option to acquire up to a 60% interest in the Needle Lake Property.

Under the terms of the Option Agreement, the Company has the option to acquire a 51% interest in the Needle Lake Property by issuing an aggregate of 400,000 Common Shares to Kaminak and incurring an aggregate of \$1,000,000 in exploration expenditures on the Needle Lake Property as follows:

Share Issuances

- a. 100,000 Common Share upon completion of the Offering (issued);
- b. a further 100,000 Common Shares on or before August 19, 2008 (issued);
- c. a further 100,000 Common Shares on or before August 19, 2009; and
- d. a further 100,000 Common Shares on or before August 19, 2010.

Exploration Expenditures

- a. \$100,000 on or before December 31, 2007 (incurred);
- b. a further \$250,000 on or before December 31, 2008 (incurred);
- c. a further \$300,000 on or before December 31, 2009 (incurred); and
- d. a further \$350,000 on or before December 31, 2010.

The Company has the option to acquire a further 9% interest in the Needle Lake Property, for a total interest of 60%, by incurring an additional \$1,000,000 in exploration expenditures on or before December 31, 2011.

Upon earning its 51%, the Company and Kaminak will operate the Needle Lake Property on a joint venture basis and the parties will enter into a joint venture agreement at that time.

The Needle Lake Property is subject to a 0.25% net smelter royalty in favour of each of 678119 Alberta Ltd., 677081 Alberta Ltd., 655110 Alberta Ltd. and Stewart Holdings Ltd., for an aggregate 1% net smelter royalty.

The Needle Lake Property comprises two contiguous claims with a total area of 2090.21 hectares located approximately 460 km northeast of Yellowknife, 200 km southeast of the Lupin Mine owned by Wolfden Resources Inc., and 70 km south of the George and Goose Lake deposits owned by Dundee Precious Metals Inc. Gold exploration in the area has been largely driven by significant discoveries of iron formation-hosted gold at the Lupin Mine, which produced 3.37 million ounces of gold from 1982-2005.

The Needle property has had limited previous exploration, the last major phase of which occurred in 1990 when drilling yielded mineralized intersections in three holes, including 9.46 g/t Au over 3.43 m in one hole and 11.58 g/t Au over 2.02 m in another. These intersections appear to be on the same northerly trending structure, which is untested along strike in both directions and down dip. Furthermore, during field work in 2007, TerraX collected a grab sample which ran 14.8 g/t Au on the surface projection of the structure. TerraX planned to drill five holes on this target in 2008.

An independent technical report dated November 27, 2007 entitled, "Technical Report on the Gold and Diamond Potential of the Needle Lake Property, western Nunavut, Canada" (the "Needle Lake Report") was prepared for the Company by Robert B. L'Heureux, M.Sc., P.Geol. The Needle Lake Report has been filed with the Securities Commissions and is available for review on the SEDAR database at www.sedar.com.

On August 16, 2008 TerraX began drilling at the Needle Lake Property. The 2008 exploration program was comprised of a five hole drill program that tested extensions from the main Needle Gold Zone, which was drilled by previous workers in 1990.

In addition, the current drill program tested a new vein structure identified during fieldwork conducted by TerraX in 2007 (486 g/t Au assay from a large (> 1 cubic m), angular boulder/subcrop), located within 100 metres of the mineralized structure described above. No previous drilling had been completed over this target.

Finally, the drill program tested a new style of mineralization that was discovered on the property in 2007 and consists of zinc and lead-rich precious metal occurrences. An outcropping surface grab sample from one such discovery yielded 24 g/t Au, 70 g/t Ag, 1.7% Zn and 0.5% Pb. This occurrence is coincident with a geophysical conductor which has yet to be fully defined. Previous prospecting along this conductor has resulted in seven anomalous Au samples (3.0 g/t to 41.7 g/t). A GPS controlled VLF

survey was completed over this target area to help determine drill collar locations and orientation. No previous drilling had been completed over this target, and one hole was drilled to test this area during the current drill campaign.

On October 24, 2008, TerraX announced the assay results from the Needle Lake drill program.

Holes TXR08-001, 002 and 004 were drilled on extensions to the main zone drilled in 1990. All holes intersected the mineralized zones where they had been projected from previous drilling. Although these holes confirmed strike and dip extensions to the main mineralized zone on the property, none of the results were as high grade as previous drilling. TerraX's best intersection in TXR008-004 (2.47 g/t Au over 3.25 m) is the most southerly drill hole on the zone and indicates that the zone remains open along a 2 km magnetic trend. The northern extension of the zone goes under Needle Lake and would require winter drilling off the ice. TerraX will continue to assess the extensions of this zone.

Hole TXR08-003 tested the vein structure discovered by surface prospecting. The hole intersected two narrow zones of quartz veining with results of 1.17 g/t Au over 0.65 m and 1.03 g/t Au over 1.27 m.

No significant mineralization was encountered in TXR08-005 which was designed to test the zinc and lead precious metal occurrence. TerraX will review the work done to date on this target to ascertain why it was missed in the drilling, and to better target future exploration.

2008 Needle Gold Assay Results

Hole No.	From (m)	To (m)	Interval (m)	Au Grade (g/t)
TXR08-001	40.15	48.62	8.47	0.44
TRX08-002	80.35	83.05	2.70	0.80
TXR08-003	22.00	22.65	0.65	1.17
and	29.53	30.80	1.27	1.03
TXR08-004	34.60	37.85	3.25	2.47
and	71.40	74.35	2.95	1.09
TXR08-005	No significant values			

Drill holes were designed to intersect zones at right angles and reported drill intercepts are approximately true widths.

TerraX's exploration program was supervised by Joseph Campbell, P.Geo., TerraX's President and CEO, who serves as a Qualified Person under the definition of National Instrument 43-101 for the purpose of this disclosure. Drilling assays were completed at TSL Laboratories in Saskatoon, Saskatchewan. Reference standards were inserted into the sample streams as part of a comprehensive QA/QC program to ensure accurate results.

The Company did not conduct any exploration work on the Needle property during the three months ended April 30, 2009.

Sunbeam-Pettigrew Property, Ontario

On April 15, 2009, TerraX entered into an option to acquire a 100% interest in the Sunbeam-Pettigrew gold property in northwest Ontario. The property consists of 27 claims totalling 350 claim units (~55 km²) located 25 km northeast of the town of Atikokan, 180 km west of Thunder Bay and 15 km from Brett Resources' Hammond Reef deposit, which contains a National Instrument 43-101 compliant

resource of 141.5 Mt @ 1.05 g/t Au (approximately 4.8 Moz Au). The geology and known mineralization on the Sunbeam-Pettigrew property are similar to the Hammond Reef deposit where Brett Resources (TSX-V: BBR) has reported wide zones of mineralization, such as 154.5 m @ 1.21 g/t Au.

The option agreement on the Sunbeam-Pettigrew property was subject to a due diligence period that expired on May 30, 2009. TerraX can earn a 100% interest in the property over a three year period by making option payments totalling \$210,000 (of which \$50,000 has now been paid), issuing 600,000 shares (of which 100,000 shares have been issued, subject to a hold period expiring on September 29, 2009), and funding \$450,000 of exploration and development work, of which \$150,000 must be spent in the first year. The vendors will retain a 2.5% NSR, 1% of which can be purchased by TerraX for \$1,000,000. An annual pre-production royalty of \$20,000 will also be in effect, commencing on April 15, 2013.

The property occurs in the Archean Marmion Batholith, which contains a number of phases, varying from tonalite to quartz diorite. Gold mineralization is associated with northeast-trending lineaments traceable for up to 80 km within and along the margin of the batholith. The lineaments are thought to represent faults or shear zones. Mineralization occurs in and adjacent to quartz vein systems within the shear zone, and is associated with pyrite and alteration consisting of sericitization, saussuritization, carbonatization and chloritization. The Hammond Reef deposit occurs on the western edge of the Marmion Batholith.

The Sunbeam-Pettigrew property occurs in the central part of the batholith, 15 km from the Hammond Reef deposit. The property contains two northeast-trending intermittently mineralized zones: the so-called Sunbeam-Atiko Shear Zone and the Pettigrew-Jack Lake Shear Zone. Both shear zones contain significant gold occurrences, including past producers, over approximately 15 km of strike length. Historic gold values from these showings reportedly range from less than one gram per tonne to 898 grams per tonne (sample collected by Ontario Geological Survey). The majority of the previous work on the property was around 1900; exploration activity since then has been highly intermittent, and no work has been completed since 1990. A 1982 drill hole on the property intercepted 8.5 m @ 4.8 g/t Au, including 1.8 m @ 15.8 g/t Au. The presence of regional shear zones as controls on mineralization does not appear to have been recognized during previous exploration, and all previous work was concentrated on exposed quartz veins. Exploration for a large low grade deposit similar to Hammond Reef has not been undertaken. Although the over-riding target for TerraX is a large, low grade gold deposit, the grade reported from some of the showings on the property suggests that a smaller, higher grade deposit might also be present.

The due diligence period in the option agreement allowed TerraX to carry out site investigations in the area of old mine workings (circa 1900) and known Au showings to confirm that the property has the geological attributes for a Hammond Reef type mineralization model. During prospecting and sample collection, emphasis was placed on finding Hammond Reef style mineralization in and adjacent to quartz vein systems within shear zones, with associated pyrite and alteration consisting of sericitization, saussuritization, carbonatization and chloritization.

TerraX collected 53 samples from seven locations along the 15 km strike length of the mineralized structures on the property (four on the Sunbeam-Atiko, and three on the Pettigrew-Jack Lake). These samples displayed weak to intense alteration and shearing, and minor to 5% pyrite mineralization. These areas were consistent with the known visual mineralization associated with the Hammond Reef deposit, and the samples taken were expected to be representative of the large, low grade Au target potential on the property.

Of the 53 samples taken, 36 analyses contained measurable Au, and 24 of these were significantly anomalous (>100 ppb Au) and collectively averaged 1.0 g/t Au, with values ranging up to 3.83 g/t Au. In addition a hand sample (not assayed) collected on the property near one of the historical workings

contained visible coarse-grained Au which confirmed historical reports of visible Au found on the property. These results are consistent with expected Au grade distribution in a Hammond Reef style system.

Of particular interest, seven samples taken by TerraX at the Roy Showing on the Sunbeam-Atiko structure, over an area of 60 by 40 meters, averaged 1.34 g/t Au. Historically (1898-1904) this area had mineralization exposed in underground workings, pits and trenches for 180 m along the strike of the main vein.

At the Road Showing on the Sunbeam-Atiko structure, two samples were collected grading 1.48 g/t Au in a quartz vein and 2.12 g/t Au in altered granites. This area had a drill intersection reported by Nahanni Mines Limited in 1981 of 1.8 m @ 15.8 g/t Au within a zone of 8.5 m @ 4.8 g/t Au.

On the Pettigrew showing of the Pettigrew-Jack Lake structure, six TerraX samples over a 30 by 50 metre area averaged 0.90 g/t Au. This is comparable with previous work in the Pettigrew area, including 1983 drilling by Canadian Nickel Company Ltd with reported intersections of 1.81 g/t Au over 18.5 m in borehole 57751 and 0.41 g/t Au over 27.56 m in borehole 57766. In 1987 rehabilitation of the historical underground workings (1898-1900) by Canadian Nickel resulted in wall chip assays of 0.70 g/t Au over 21 m across the strike of the mineralized zone, and an average grade from seven bulk samples of 1.33 g/t Au.

All of these results support the potential for a Hammond Reef style deposit on the property.

Significant Au Analyses from TerraX Sampling

Structure	Grade (g/t Au)	Description
Sunbeam-Atiko	3.83	highly altered granite, green mica, carbonate, 3-5% coarse-grained py.
	2.79	quartz with minor sericite, 4% coarse-grained pyrite
	2.12	Altered pink-green granite, 2-3% coarse-grained py
	1.49	granite with iron carbonate, sericite, 4% py
	1.48	Altered quartz vein selvage, pale green mica, 2-3% coarse py cubes
	1.18	Quartz vein, green mica, brown carbonate, minor py
	0.87	highly altered granite, green mica, hematite, carbonate, quartz, minor py
Pettigrew-Jack Lake	3.42	Quartz vein with 2% galena, 2% py
	0.98	Sheared, green granite, hematite clots, 3-5% py cubes
	0.84	Sheared, altered and oxidized granite, hematite, minor py

Activation Laboratories Ltd. (Actlabs) carried out the sample analysis in their Thunder Bay, Ontario facility. Samples were subjected to Actlabs' RX2 sample preparation which consists of crushing the entire sample to a nominal 10 mesh (1.7 mm) size, and pulverizing a 100 g sub-sample to 150 mesh (105 mm). A 50 g sub-sample of the pulverized sample was subjected to Actlabs' 1A2-50 analysis (Fire Assay with AA finish) and any analysis over 3000 ppb was re-assayed using Actlabs' 1A3-50 analysis (Fire Assay with gravimetric finish).

Initial work programs at Sunbeam-Pettigrew will include property-wide mapping and prospecting of the two main structural targets, and possibly wide spaced soil geochemistry to help define anomalous areas.

This will be followed by ground geophysical surveys and stripping and trenching of prospective showings to help define structural controls and areal extent of the Au mineralization.

The discovery of the Rubble showing (up to 48.6 g/t Au grab sample) during staking in 2008 attests to the strong possibility of finding additional mineralization at surface on the property. Results from a government-sponsored airborne magnetic survey, justified in part by the results of Brett Resources' exploration, will be released in the next several months. This data should help TerraX develop additional targets on the property.

The work program at the Sunbeam-Pettigrew property was designed and conducted by Tom Setterfield PhD, P. Geo., and Joseph Campbell, P. Geo., who are qualified persons as defined under National Instrument 43-101. They are responsible for all aspects of the work including the quality control/quality assurance program. All samples collected were delivered directly to Activation Laboratories Ltd. Actlab's quality control system complies with ISO/IEC 17025 and CAN-P-1579.

The foregoing technical information has been verified by Dr. Tom Setterfield, PhD, PGeo., Vice President Exploration, who is a Qualified Person as defined in "*National Instrument 43-101, Standards of Disclosure for Mineral Properties.*"

Subsequent Event -- Private Placement

On June 2, 2009, the Company announced that it had agreed to a non-brokered private placement of 1,500,000 units at a price of \$0.10 per unit for gross proceeds of \$150,000. Each unit will be comprised of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional share at an exercise price of \$0.15 per share for a period of two years from the date of issue. A finder's fee may be payable on a portion of this placement, which is subject to acceptance for filing by the TSX Venture Exchange.

Current Economic Conditions

During 2008, particularly in the fourth quarter, the ongoing global credit crisis and economic weakness have made for extremely volatile capital markets characterized by plunging equity and commodity prices and an environment in which few opportunities exist to raise additional capital. TerraX has taken precautions and implemented initiatives to preserve its cash reserves. The Company has commitments in the future (later this year and beyond) on its mineral properties and the Company may be forced to abandon and write-off on or more of these properties if the Company does not have the means to meet these commitments, or does not feel it is fiscally prudent to do so. However, the Company currently has sufficient cash to meet all obligations during fiscal 2010 and does not believe that any write-downs of its mineral properties are required at this time. The Company will be reviewing its mineral property commitments as well as its capital position on an ongoing basis during fiscal 2010 and may elect to abandon properties when obligations become due if management deems it necessary in order to maintain the long-term viability of the Company.

Results of Operations – Three months ended April 30, 2009

Operating expenses for the three months ended April 30, 2009 totaled \$16,053 as compared to \$5,653 during the three months ended April 30, 2008. The significant expenditures were as follows:

During the three months ended April 30, 2009, the Company incurred \$4,584 for office, rent and expenses compared to \$Nil incurred during the same period a year prior when the Company was still private.

Professional fees were reduced to \$Nil during the three months ended April 30, 2009 from the \$1,064 incurred during the comparable period a year prior when the Company was preparing to go public.

The Company spent \$6,588 for transfer agent, filing fees and shareholder communications during the three months ended April 30, 2009. There was no comparable expense during the same period a year prior when the Company was still private.

Travel expenses of \$4,881 were incurred during the three months ended April 30, 2009 for attendance at trade shows and project review. There was no comparable expense during the same period a year prior when the Company was still private.

During the three months ended April 30, 2009, the Company earned interest income of \$1,036 on short-term investments and cash on hand. This compares to \$2,033 earned on cash on hand during the three month period ended April 30, 2008 when interest rates were higher.

As a result of the foregoing, the Company incurred a net loss for the three months ended April 30, 2009 of \$15,017 as compared to a loss of \$3,620 for the comparable period a year prior.

Summary of Quarterly Results

	Q1-10 (April 30, 2009)	Q4-09 (January 31, 2009)	Q3-09 (October 31, 2008)	Q2-09 (July 31, 2008)	Q1-09 (April 30, 2008)
Revenue	Nil	Nil	Nil	Nil	Nil
Net Loss (\$)	15,017	13,478	24,612	119,770	3,620
Per Share	0.01	0.01	0.01	0.02	0.01

A “Summary of Quarterly Results” has only been prepared for the first, second, third and fourth quarters of fiscal 2009 and the first quarter of fiscal 2010 as the Company was only incorporated on August 1, 2007 and was private during the fiscal period ended January 31, 2008 and therefore did not prepare any quarterly financial reports during that period.

The loss during the second quarter of fiscal 2009 (the three month period ended July 31, 2008) increased to \$119,770 from the loss of \$3,620 incurred during the prior fiscal quarter primarily due to stock-based compensation expense of \$92,865 (a non-cash item) incurred during the second quarter relating to 750,000 stock options granted during the period. As TerraX also became a public company during the second quarter, it also incurred additional expenses for transfer agent, filing fees and shareholder communications of \$6,590 and additional professional fees of \$12,259 during the period. These additional charges will continue to be incurred during subsequent quarters.

The loss for the third quarter of fiscal 2009 decreased to \$24,612 from the \$119,770 incurred during the second quarter of fiscal 2008 primarily due to the elimination of stock based compensation expense, a non-cash item, as there were no stock options granted or vested during the current period.

The loss for the fourth quarter of fiscal 2009 decreased to \$13,478 from the \$24,612 incurred during the third quarter of fiscal 2008 primarily due to the elimination of management fees during the fourth quarter in order to conserve cash.

During the first quarter of fiscal 2010, the loss increased slightly to \$15,017 from the \$13,478 incurred during the prior fiscal quarter due to an increase in travel expenses during the current period.

Liquidity and Capital Resources

TerraX is in the development stage and therefore has no regular cash flow. As at April 30, 2009, the Company had working capital of \$252,662, inclusive of cash and short-term investments of \$255,132. This compares to working capital of \$276,169 at January 31, 2009, inclusive of cash and short-term investments on hand at that time of \$284,808.

As at April 30, 2009, the Company had current assets of \$263,689, total assets of \$1,070,890 and total liabilities of \$11,037. The Company has no long-term debt. There are no known trends in the Company's liquidity or capital resources.

The principal assets of the Company are its mineral exploration properties, amounting to \$807,201 as at April 30, 2009.

The decrease in cash during the three months ended April 30, 2009 of \$29,676 was due to cash used in operating activities of \$21,175 and cash used in mineral exploration of \$10,000, offset by cash received from the issuance of common shares of \$1,500. During the three months ended April 30, 2008, cash increased by \$3,042 as a result of cash derived from operating activities in that same amount.

The Company has sufficient funds on hand at April 30, 2009 to fund its operating expenses for the balance of fiscal 2010 but will not have sufficient cash to fund further exploration on the Needle Lake Property or the Sunbeam-Pettigrew property beyond fiscal 2010. On June 2, 2009, the Company announced a private placement for \$150,000 that will provide sufficient funding to conduct the required exploration at Sunbeam-Pettigrew this year, but the Company will have to obtain other financing or raise additional funds in order to conduct additional exploration during fiscal 2011. Although the company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties

Cash flow to date has not satisfied the Company's operational requirements. The development of the Company may in the future depend on the Company's ability to obtain additional financings. In the past, the Company has relied on the sale of equity securities to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Company's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurances that the Company will be successful in obtaining any such financing or in joint venturing its property.

Changes in Accounting Policies

Adoption of New Accounting Standards and Accounting Pronouncements

Effective January 1, 2008, the Company adopted the following new accounting standards that were issued by the Canadian Institute of Chartered Accountants. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements:

(i) *Financial Instrument Disclosures and Presentation*

CICA Handbook Sections 3862 "*Financial Instruments – Disclosures*" and Section 3863 "*Financial Instruments – Presentation*" replace Section 3861 "*Financial Instruments – Disclosure and Presentation*". The new standards carry forward the presentation requirements for financial instruments

and enhance the disclosure requirements by placing increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

(ii) *Capital Disclosures*

CICA Handbook Section 1535 requires the company to disclose (a) its objectives, policies and processes for managing capital; (b) quantitative data about what the entity regards as capital; (c) whether the entity has complied with any capital requirements; and (d) if it has not complied, the consequences of such noncompliance.

(iv) *Going Concern*

CICA Handbook Section 1400 - General Standards of Financial Statements. The new standard requires management to make an assessment of the Company's ability to continue as a going concern, and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

New Accounting Pronouncements Effective in Future Periods

CICA Handbook Section 3064 - Goodwill and other intangibles assets. This new section replaces Section 3062, Goodwill and other intangible assets and Section 3450, Research and development costs. 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 new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Management does not expect the adoption of this new standard to have a material impact on the financial statements of the Company or its business. The Company will adopt the new standards for its fiscal year beginning February 1, 2009.

In 2006, the Accounting Standards Board ("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 transitional date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended January 31, 2010. Management has attended briefing seminars on the transition to IFRS, and we are awaiting the release of various exposure drafts and reports which will more clearly define the accounting standards for the mining exploration industry.

Risk, Uncertainties and Outlook

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. Other risks facing the Company include competition for mineral properties, environmental and insurance risks, fluctuations in metal prices, fluctuations in exchange rates, share price volatility and uncertainty of additional financing.

Related Party Transactions

During the three months ended April 30, 2009, \$4,500 (2008 - \$4,500) was paid to a private company wholly-owned by Stuart Rogers, a director and officer of the Company, for office rent and administration services provided to the Company.

These transactions were in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties.

Financial Instruments

The Company's financial instruments consist of cash, short-term investments, receivables and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Contingencies

The Company is aware of no contingencies or pending legal proceedings as of June 29, 2009.

Off Balance Sheet Arrangements

The Company has no off Balance Sheet arrangements.

Equity Securities Issued and Outstanding

The Company had 9,115,000 common shares issued and outstanding as of June 29, 2009. In addition, there were 750,000 stock options outstanding and exercisable at \$0.25 until June 27, 2013 and a total of 360,000 warrants outstanding as of June 29, 2009, with an exercise price of \$0.25 and an expiry date of December 27, 2009.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve 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 any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: mineral exploration and development costs and results, fluctuation in the prices of commodities for which the Company is exploring, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and obligations, and the requirement for obtaining permits and licenses for the Company's operations in the jurisdictions in which it operates.