Management Discussion and Analysis of the Unaudited Interim Consolidated Financial Statements
For the three and six month periods ended March 31, 2010

Kilo Goldmines Ltd.
141 Adelaide Street West, Suite 1200
Toronto, Ontario M5H 3L5

Contact: Peter Hooper, Chairman
Phone: (416) 360-3402
Email: peterhooper2@aol.com
Website: www.kilogold.net

KILO GOLDMINES LTD.
MANAGEMENT DISCUSSION & ANALYSIS
For the three and six month periods ended March 31, 2010

This Management Discussion and Analysis ("MD&A") of Kilo Goldmines Ltd. ("Kilo" or the "Company") is dated May 26, 2010 and provides an analysis of the Company's performance and financial condition for the three and six month periods ended March 31, 2010 , as well as an analysis of future prospects. The Board of Directors carries out its responsibility for review of this disclosure principally through its audit committee.

This MD&A should be read in conjunction with the Company's unaudited interim consolidated financial statements for the period ended March 31, 2010, including the related note disclosure. The Company's interim unaudited financial statements are presented on a consolidated basis with its wholly-owned subsidiary Kilo Goldmines Inc. and the partnership interests described in the notes to the financial statements, and are prepared in accordance with Canadian generally accepted accounting principles. All dollar figures included therein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise specified. Additional information relevant to the Company's activities can be found on SEDAR at ***www.sedar.com*** *or the Company's website at* ***www.kilogold.net.***

This MD&A may contain forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance, and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out below. Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

OVERALL PERFORMANCE

Principal Business and Corporate History

Kilo Goldmines Ltd. (the "Company") is an Ontario corporation which commenced operations on March 20, 2009. A predecessor corporation, Kilo Goldmines Inc. ("Old Kilo"), commenced operations in January 2006. Prior to March 20, 2009, Kilo Goldmines Ltd. was known as Blue Ribbon Capital Corporation ("Blue Ribbon"), a Capital Pool Company as defined by the TSX Venture Exchange.

The Company is in the process of exploring its mineral resource properties and intends to devote the majority of its efforts to these properties. To date, the Company has not earned significant revenues and is considered to be in the development stage.

Amalgamation

On September 27, 2007, Old Kilo announced that it had entered into a Letter Agreement (the "Agreement") with Blue Ribbon, a public corporation formed as a capital pool company. Pursuant to the Agreement, Blue Ribbon was able to acquire all of the issued and outstanding shares of Old Kilo (the "Going Public Transaction").

On March 20, 2009, pursuant to the Agreement, Old Kilo amalgamated with Blue Ribbon's wholly-owned subsidiary. Completion of the transaction constituted Blue Ribbon's qualifying transaction. The shareholders of Old Kilo held the majority of the outstanding shares of the Company following the transaction, and accordingly, the transaction has been accounted for as a reverse takeover. Since Blue Ribbon's operations do not constitute an economic unit, the transaction has been accounted for as a capital transaction.

On April 21, 2009, the common shares of the Company began trading on the TSX Venture Exchange.

DEVELOPMENTS DURING THE THREE AND SIX MONTHS ENDED MARCH 31, 2010

Exploration Activities

KGL-MASTERS

During the six month period ended March 31, 2010, the remainder of the geochemical data for the soil samples collected from PR 2634 was received and interpreted. Anomalous gold-in-soil values trending northwest as well as east-west were delineated. The copper, zinc, lead, nickel, iron, magnesium, cobalt and calcium values indicate that the lithologies most likely strike northwest–southeast, however, local variations are apparent.

Infill soil sampling at 50 metre intervals on north-south lines halfway between the lines spaced at 400 metre intervals was recommended in 58 areas to further evaluate anomalous gold-in-soil values in order to delineate additional drill targets.

A total of 17 diamond drill holes for 3,162.5 metres were completed on PR2634. These holes evaluated the M1 Target, 8 holes for 1,802.9 metres; the M3 Target, 7 holes for 1,472 metres; the M4 Target, 1 hole for 138.71 metres; and the M6 Target, 1 hole for 119.1 metres.

The M1 Target consists of a foliated quartz vein that varies from 1 metre to 2 metres thick, trends east-west direction and dips steeply to the north. This auriferous quartz vein, the subject of extensive artisanal exploitation, is hosted in Precambrian Upper Kibalian schistose rocks. A significant gold-in-soil anomaly in the vicinity of the M1 target was not delineated. The 8 diamond drill holes that tested this target intersected predominantly clastic metasedimentary rock, volcanic intrusives, quartz veins, and tuffaceous rocks. Mineralization consisting mainly of pyrite and minor pyrrhotite occurs in a wide zone of silica alteration. Logging and sampling of these holes was completed. The only significant gold value obtained is 21.3 g/t from a one metre interval (148 – 149) in drill hole M1DD0006

The M3 Target is characterized by a 1,200 metre long east-west oriented gold-in-soil anomaly with widths up to 250 metres. In addtion, the M3 Target is the subject of active artisanal mining over a strike length of 500 metres that commenced subsequent to the soil geochemical sampling program. The diamond drill holes collared to evaluate the M3 Target gold-in-soil anomaly and the active artisanal workings intersected quartz veins hosted predominantly in intermediate metavolcanic flows and tuffs. Sections mineralized with disseminated polymetallic sulphides, pyrite, pyrrhotite, and traces of chalcopyrite and sphalerite, associated with silca alteration, were intersected. The occasional speck of visible gold was observed in quartz. During the period ended March 31, 2010 logging and sampling of these holes was completed.

Diamond drill core samples returned gold values confirming the presence of in-situ gold over the entire 700 metres of drill tested strike length. The easternmost drill hole returned gold values that include 7.0 metres at 2.43 g/t, and the westernmost drill hole returned gold values including 5.80 metres at 1.32 g/t. Gold intersections between these two drill holes include 16.05 metres at 1.12 g/t, 0.50 metres at 48.90 g/t, and 5.05 metres at 2.27 g/t. The M3 Target gold values are detailed in the press releases issued during the period.

Granite, with the occasional quartz vein, was intersected in the diamond drill hole that tested the M4 Target, gold-in-soil anomaly. Significant mineralization was not intersected, hence samples were not submitted for analysis.

Intermediate volcanics and minor quartz veining was intersected in the diamond drill hole that tested the M6 Target, an artisanal working. Gold is being exploited from quartz veins in the M6 Target. During the three and six month periods ended March 31, 2010, logging and sampling of this hole was completed and no significant gold values were obtained.

KGL-SOMITURI

During the three and six month periods ended March 31, 2010, all pre-requisites pursuant to the Mining Law and Mining Regulations allowing exploration activities to commence on all eight non-contiguous Exploitation Licences were completed. A multifaceted exploration program comprised of geological mapping, adit sampling, and diamond drilling commenced on the Somituri Project Exploitation Licence ("PE") 9691.

The Somituri Project covers 606 square kilometres of the Ngayu Archaean Greenstone Belt, characterized by Upper Kibalian quartz veins, schists, metavolcanics, banded iron formation ("BIF") and metasedimentary rocks, situated in the Oriental Province of the Democratic Republic of Congo ("DRC"). During the 1930s to 1958, the Adumbi, Kitenge and Manzako gold mines, on PE 9691, produced approximately 300,000 ounces of gold, according to historical records unverified by the Company. The Adumbi gold bearing host rocks have been traced over a strike length of approximately two kilometres by the Company. The Kitenge gold bearing host rocks, oriented parallel to and approximately five hundred metres northeast of the Adumbi trend, have been traced over a strike length of about five kilometres. Fifteen hundred metres to the northeast of the Kitenge mine, is the former underground Manzako gold mine. The gold bearing host rocks of the Manzako mine have been mapped over a strike length exceeding two kilometres.

During the period ended March 31, 2010 four adits, in the Adumbi mine, totaling 592.5 metres were continuous horizontal channel sampled. In addition a total of 559.35 metres of a planned 10,000 metre diamond drilling program were completed. One diamond drill hole, collared at the portal of an adit, was successfully completed to a depth of 316.6 metres; it intersected approximately 125 metres of disseminated to semi-massive pyrrhotite and/or pyrite hosted in quartz veins, and altered highly siliceous locally sheared chemical metasediments including banded iron formation ("BIF"). This intersection is 150 metres down dip from the workings exposed in the adit. One drill hole was abandoned at 142 metres and one drill hole was in progress. Adit and drill core samples were shipped to ALS Chemex in Mwanza, Tanzania for sample preparation and furtherance of pulps to ASL Chemex in Johannesburg for gold analaaysis.

The Company did not carry out any exploration activities on the KGL-ERW, KGL-SIHU and KGL-POKO properties during the six months ended March 31, 2010.

SELECTED ANNUAL INFORMATION

The following selected financial data for the Company's two most recently completed financial periods are derived from the audited financial statements of the Company which were prepared in accordance with Canadian generally accepted accounting principles.

For the fiscal periods ended September 30,	**2009**	**2008**
	$	**$**
Net revenues	4,595	38,309
Loss before discontinued operations and extraordinary items	2,022,327	2,622,842
Loss before discontinued operations and extraordinary items, per share basic and diluted	0.06	0.11
Net loss	2,022,327	2,622,842
Net loss, per share basic and diluted	0.06	0.11
Total assets	22,181,577	7,660,740
Total long term liabilities	Nil	773,422
Cash dividends	Nil	Nil

Project Expenditures

KGL-MASTERS

During the three and six month periods ended March 31, 2010, the Company incurred expenditures of $295,309 and $1,242,188 on the KGL-MASTERS group of properties. Expenditures for the three months ended March 31, 2010 decreased by $651,213 when compared to expenditures of $946,522 during the three months ended March 31, 2009. Expenditures for the six months ended March 31, 2010 increased by $134,153 when compared to expenditures of $1,108,035 incurred during the six months ended March 31, 2009. The Company continued drilling on properties within the KGL-MASTERS group of properties, incurring drilling costs of $75,479 and $723,790 during the three and six month periods ended March 31, 2010. The Company did not incur any drilling costs during the three and six month periods ended March 31, 2009. The Company also incurred administrative and project management costs of $4,454 and $157,136, and professional fees of $65,125 and $119,602 during the three and six months ended March 31, 2010. During the six months ended March 31, 2010, the Company paid property taxes of $149,981 on the KGL-MASTERS properties, and incurred security costs of $36,171, repairs and maintenance charges of $25,579 and travel expenses of $22,936. The remaining expenditures of $6,993 relate to soil sampling. During the six months ended March 31, 2009, the Company paid property taxes of $319,374, incurred administrative and project management costs of $205,634, and professional fees of $119,847. During the three and six months ended March 31, 2009, the Company incurred additional acquisition costs of $463,179, which represents the fair value of common shares and warrants issued in connection with the Going Public Transaction discussed earlier.

KGL-SOMITURI

During the three and six month periods ended March 31, 2010, the Company incurred expenditures of $2,861,082 and $3,127,782 on the KGL-SOMITURI group of properties. Expenditures for the three months ended March 31, 2010 increased by $1,986,269 when compared to expenditures of $874,813 for the three months ended March 31, 2009. Expenditures for the six months ended March 31, 2010 increased by $2,188,971 when compared to expenditures of $938,811 for the same period ended March 31, 2009. During the six months ended March 31, 2010, the Company commenced drilling on the KGL-SOMITURI group of properties and incurred drilling costs of $1,965,454 and $1,998,383 during the three and six months ended March 31, 2010. The Company also incurred soil sampling charges of $151,563 and property taxes of $374,144 during the three and six months ended March 31, 2010. These same expenses for the three and six months ended March 31, 2009 were $Nil and $327,661 respectively. In addition, the Company incurred geological expenses of $35,144 and $168,015, and professional fees of $70,188 and $113,038 during the three and six months ended March 31, 2010. Professional fees incurred during the three and six months ended March 31, 2009 were $28,946 and $34,490 respectively, while no geological expenses were incurred during either period. Administrative and project management expenses of $210,028 and $266,525 were incurred during the three and six month periods ended March 31, 2010, representing increases over the administrative and project management expenses of $55,026 and $113,479 incurred during the three and six months ended March 31, 2009. The remaining expenditures incurred during the six months ended relate to trenching, travel, planning, equipment purchases and gridding. During the three and six months ended March 31, 2009, the Company incurred additional acquisition costs of $463,179, which represents the fair value of common shares and warrants issued in connection with the Going Public Transaction discussed earlier.

KGL-ERW

During the three and six month periods ended March 31, 2010, the Company incurred net expenditures of $649,958 and $650,106 on the KGL-ERW group of properties. Expenditures for the three months ended March 31, 2010 increased by $313,307 when compared to expenditures of $336,651 for the three months ended March 31, 2009. Expenses for the six months ended March 31, 2010 increased by $131,419 when compared to expenditures of $518,687 for the same period ended March 31, 2009. During the six months ended March 31, 2010 the Company received $377,463 pursuant to the agreement signed with Rio Tinto Mining and Exploration Limited which reduced the net expenditures on the KGL-ERW properties for the six months ended March 31, 2010. During the six month period ended March 31, 2010, the Company issued 1,050,000 common shares and 500,000 common share purchase warrants (“warrants”) pursuant to a Partnership Agreement Amendment signed during the year ended September 30, 2009. The fair value of these shares and warrants was allocated to the acquisition costs of the KGL-ERW properties (for additional information related to these common shares and warrants, please see the “Liquidity and Capital Resources” section in this MD&A) resulting in acquisitions costs of $546,000 and $913,240 for the three and six months ended March 31, 2010. During the three months ended March 31, 2010, the Company paid property taxes of $87,402, a decrease of $126,542 compared to property taxes of $213,944 paid during the three months ended March 31, 2009. The Company also incurred professional fees of $16,556 and $22,728 during the three and six month periods ended March 31, 2010, compared to professional fees of $39,036 and $162,503 charged during the three and six month periods ended March 31, 2009. The remaining project expenditures incurred during the three and six months ended March 31, 2010 relate to administrative and project management expenses of $2,784, and soil sampling charges.

KGL-SIHU

During the three and six month periods ended March 31, 2010, the Company incurred expenditures of $52,023 and $58,031 on the KGL-SIHU group of properties, decreases of $478,437 and $476,370 from expenditures of $530,460 and $534,401 for the same periods ended March 31, 2009. During the three and six months ended March 31, 2010, professional fees of $12,158 and $18,166 were incurred. Professional fees incurred during the three and six month periods ended March 31, 2009 were $10,983 and $14,926 respectively. Property taxes paid during the three and six month periods ended March 31, 2010 and 2009 were $39,865 and $56,297 respectively. During the three and six months ended March 31, 2009, the Company incurred additional acquisition costs of $463,179, which represents the fair value of common shares and warrants issued in connection with the Going Public Transaction discussed earlier.

KGL-POKO

During the three and six month periods ended March 31, 2010, the Company incurred expenditures of $32,369 and $33,183 on the KGL-POKO group of properties, decreases of $138,195 and $138,037 from expenditures of $170,564 and $171,220 for the same periods ended March 31, 2009. During the three and six months ended March 31, 2010, professional fees of $5,771 and $6,585 were incurred. Professional fees incurred during the three and six month periods ended March 31, 2009 were $2,466 and $3,123 respectively. Property taxes paid during the three and six month periods ended March 31, 2010 and 2009 were $26,598 and $168,098 respectively.

General and Administrative Operating Activities

The Company has no revenue or inbound operating cash flows other than interest income. As a result of its activities, the Company continues to incur net losses.

For the three and six month periods ended March 31, 2010, the Company's net losses were $721,900 and $1,448,060, compared to net losses of $328,110 and $611,559 for the three and six month periods ended March 31, 2009.

During the three months ended March 31, 2010, total expenses increased by $401,253 to $729,373 when compared to the three months ended March 31, 2009. Total expenses increased by $848,058 to $1,463,518 for the six month period ended March 31, 2010 when compared to the same period ended March 31, 2009.

During the three months ended March 31, 2010, administrative and general expenses increased by $61,868 to $90,658. Administrative and general expenses for the six month period ended March 31, 2010 increased by $111,369 to $165,702. This was due to an increase in accounting fees, as well as increased telecommunications charges incurred in connection with more frequent overseas travel.

Professional fees increased by $69,830 to $192,931 during the three months ended March 31, 2010, when compared to professional fees incurred of $123,101 during the three months ended March 31, 2009. During the six months ended March 31, 2010, professional fees increased by $122,945 to $406,477. Professional fees for the six month period ended March 31, 2009 amounted to $283,532. The increases are primarily due to additions to the management team.

The Company incurred losses on foreign exchange during the three and six month periods ended March 31, 2010, as the Canadian Dollar became stronger in comparison to the United States Dollar. The loss incurred during the three months ended March 31, 2010 was $30,747, an increase of $25,117 over the foreign exchange loss of $5,630 incurred during the three months ended March 31, 2009. Foreign exchange losses for the six month period ended March 31, 2010 amounted to $35,113, an increase of $19,531 over the foreign exchange losses of $15,582 incurred during the six months ended March 31, 2009.

Travel expenses for the three months ended March 31, 2010 totaled $103,318. The Company did not incur any travel charges during the three months ended March 31, 2009, as the Company was focused on completing The Going Public Transaction discussed previously. During the six months ended March 31, 2010, travel expenses of $164,693 were incurred, an increase of $163,695 compared to $998 of travel expenses for the six month period ended March 31, 2009. The increase in travel during the period was due to travel to the DRC in connection with the Company's properties, increased senior management travel related to the Company's ongoing operations, and travel related to mining shows and exhibitions.

Stock-based compensation for the three and six month periods ended March 31, 2010 were $113,745 and $338,852 as a result of options granted to an officer, consultants, and an agent during the six months ended March 31, 2010, as well as the continued vesting of stock options granted during the year ended September 30, 2009. There was no stock-based compensation for the three or six month periods ended March 31, 2009.

SELECTED QUARTERLY INFORMATION

The following table shows selected financial information related to the results of the Company's eight most recent fiscal quarters. The information contained in this table should be read in conjunction with the Company's financial statements.

Fiscal Year	**2010**		**2009**				**2008**	
For the quarters ended	**Mar 2010**	**Dec 2009**	**Sep 2009**	**Jun 2009**	**Mar 2009**	**Dec 2008**	**Sep 2008**	**Jun 2008**
	$	$	$	$	$	$	$	$
Net revenues	7,473	7,985	184	510	10	3,891	2,248	6,951
Loss before discontinued operations and extraordinary items	721,900	726,160	632,464	778,304	328,110	283,449	981,210	431,530
Loss before discontinued operations and extraordinary items, per share basic and diluted	0.01	0.01	0.02	0.02	0.01	0.01	0.04	0.02
Net loss	721,900	726,160	632,464	778,304	328,110	283,449	981,210	431,530
Net loss, per share basic and diluted	0.01	0.01	0.02	0.02	0.01	0.01	0.04	0.02

Factors Affecting Quarterly Results

Fluctuations in quarterly results are caused by issuance of stock option compensation, administrative costs and fees related to new property acquisitions, and levels of exploration activities.

LIQUIDITY AND CAPITAL RESOURCES

The Company had $2,262,697 of working capital as at March 31, 2010, compared to $1,972,363 at March 31, 2009. As at March 31, 2010, the Company held cash and cash equivalents of $2,881,827 versus $2,345,651 as at March 31, 2009. This increase in cash and cash equivalents, as well as the increase in the Company's working capital position, is due the Company's efforts to raise capital through the issuance of shares and warrants through private placements during the fiscal year ended September 30, 2009.

The Company is dependent on obtaining future financing for the exploration and development of its resource properties beyond fiscal 2010 and for any new projects.

The Company has entered into leases for office premises and office equipment. The minimum lease obligations under these leases are as follows:

2010	$ 71,751
2011	$ 71,751
2012	$ 76,355
2013	$ 76,355
2014	$ 57,645

The Company also expects to incur operating costs associated with this lease of approximately $72,000 per year.

Share Capital

As at May 26, 2010, the Company's share position consisted of:

Shares outstanding (i)	64,048,069
Options outstanding (ii)	6,114,583
Warrants outstanding (iii)	20,612,400

(i) Shares outstanding

a) During the six months ended March 31, 2010, the Company:

   i) Issued 861,303 common shares at an effective issue price of $0.45 per share pursuant to a debt settlement agreement.

   ii) Issued 1,050,000 common shares at an effective issue price of $0.52 per share pursuant to a Partnership Amending Agreement related to the acquisition of the Company's resource properties.

(ii) Options outstanding

a) During the six months ended March 31, 2010, the Company:

   i) Issued 1,227,500 stock options to an officer and consultants of the Company, 409,166 of which vest immediately, with a further 409,166 and 409,168 options vesting on each of the seven and thirteen month anniversaries of the grant date.

Each option entitles the holder to purchase one common share at a price of $0.45 at any time on or before October 20, 2014.

The fair value of the options was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.60%
Expected life	5 years
Expected volatility	105%

ii) Issued 122,500 stock options to an agent in connection with private placements completed during the year ended September 30, 2008. All of the options vest immediately. Each option entitles the holder to purchase one common share at a price of $1.50 at any time on or before April 21, 2010.

The fair value of the options was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.60%
Expected life	0.3 years
Expected volatility	105%

b) As at March 31, 2010, the following options were outstanding:

Option Price	**Number of Options**	**Weighted Average Remaining Contractual Life**
$0.60	637,883	2.0 years
$0.30	400,000	2.0 years
$1.00	500,000	2.0 years
$1.50	750,000	2.0 years
$0.50	319,200	1.0 years
$0.50	300,000	1.0 years
$0.60	1,557,500	1.5 years
$0.45	1,227,500	4.5 years
$1.50	122,500	0.1 years
$0.60	300,000	2.0 years

During the six months ended March 31, 2010, 1,113,750 stock options expired un-exercised.

Subsequent to March 31, 2010, the Company entered into an agreement for the provision of investor relations services in exchange for a monthly cash payment of $6,000 and the issuance of 300,000 stock options with a company controlled by an individual related to a director. This director is also an officer. The options are exercisable at a price of $0.60 at any time up to and including April 14, 2012 and vest as to one-quarter immediately and a further one-quarter on each of the three, six and twelve month anniversaries of the date of grant. The agreement has a term of six months and shall automatically renew for further six month periods unless terminated by either party on one month's written notice prior to the end of the initial or any renewal term.

During the six months ended March 31, 2010, the Company granted options to acquire 2,867,500 common shares to directors and officers in addition to the options disclosed above. Each option entitles the holder to purchase one common share of the Company at a price of $0.45 per share for a five year period. The options vest as to one-third immediately and one-third on each of the seven and thirteen month anniversaries of the date of grant. All of the 2,867,500 options are subject to shareholder approval for the increase in the number of shares reserved under the Company's stock option plan to maintain the ratio of shares reserved the plan to outstanding shares at 15% as a result of the private placement completed during the year ended September 30, 2009. All options granted are subject to shareholder approval and a four-month holding period. As the grant of these options is subject to shareholder approval, the fair value of these options has not been recognized in the unaudited interim consolidated financial statements for the six months ended March 31, 2010.

(iii) Warrants outstanding

a) During the six months ended March 31, 2010, the Company issued 500,000 warrants in connection with property acquisitions. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.60 per share at any time on or before December 13, 2011.

The fair value of the warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.60%
Expected life	2 years
Expected volatility	120%

Warrant pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's warrants.

b) As at March 31, 2010, the following warrants were issued and outstanding:

i) 2,350,000 warrants entitling the holder to purchase one common share of the Company at $1.50 per share at any time on or before April 21, 2010.

ii) 6,327,400 warrants entitling the holder to purchase one common share of the Company at $0.60 per share at any time on or before March 20, 2011.

iii) 310,000 warrants entitling the holder to purchase one common share of the Company at $0.60 per share at any time on or before April 15, 2011.

iv) 11,125,000 warrants entitling the holder to purchase one common share of the Company at $0.60 per share at any time on or before September 24, 2011.

v) 500,000 warrants entitling the holder to purchase one common share of the Company at $0.60 per share at any time on or before December 13, 2011.

COURSE OF BUSINESS TRANSACTIONS

Transactions with Related Parties

During the six months ended March 31, 2010, the Company:

a) Incurred management fees of $114,000 with a company controlled by a director. The Company also incurred consulting fees of $72,000 with two individuals related to this director. This director is also an officer.

b) Incurred legal fees of $54,974 with a firm in which a director and a former director are partners, all of which was capitalized as property acquisition costs. As at March 31, 2010, accounts payable and accrued liabilities included $14,648 related to this law firm.

c) Incurred accounting fees of $104,505 with an accounting firm in which a former officer is a partner. As at March 31, 2010, accounts payable and accrued liabilities included $32,030 related to this accounting firm.

d) Incurred publicity and advertising fees of $23,700 with two companies controlled by a person related to a director. The director is also an officer.

e) Incurred management fees of $125,000 with a director. The director is also an officer.

f) Incurred consulting fees of $7,500 with a company controlled by an officer.

Off-Balance Sheet Transactions

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

Proposed Transactions

The Company continues to review property and industry information in search of future opportunities in terms of new property acquisitions and business partnerships. Although no transactions are in progress currently, the Company continues to research potential opportunities.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The Company prepares its consolidated financial statements in conformity with generally accepted accounting principles in Canada. The preparation of the Company's financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Critical accounting estimates used in the preparation of the financial statements are related to the recoverable value of the Company's resource properties, as well as the valuation of stock options and warrants. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The Company records all of its property acquisition costs and direct exploration costs as an asset until the properties are placed into production, sold or abandoned, at which time the costs will either be amortized on a units-of-production basis or fully charged to operations. Management reviews the carrying value of the resource properties for impairment or permanent declines in the value of the property, such as abandonment, and the related project balances are then written off.

Estimates related to stock options and warrants include the volatility of the Company's stock price, as well as when stock options and warrants may be exercised. The timing of exercise of stock options and warrants is out of the Company's control and depends on a various factors including the market value of the Company's shares and the financial objectives of the holders of stock options and warrants.

The Company lists its significant accounting policies in note 3 of its audited consolidated financial statements for the year ended September 30, 2009.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary Kilo Goldmines Inc., and the partnership interests described in the notes to the financial statements. All interorganizational accounts and transactions have been eliminated on consolidation. All of the Company's exploration activities are conducted jointly with others wherein the Company enters into agreements that provide for specified percentage interest in resource properties as described in the notes to the financial statements. Expenditures on these properties are capitalized to resource properties. Joint venture accounting which reflects the Company's proportionate interest in resource properties is applied by the Company only when commercial feasibility is established and the parties enter into formal comprehensive agreements for ownership and resource participation.

CAPITAL DISCLOSURES

Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and, if it has not complied, the consequences of such non-compliance. Section 1535 was effective for the Company as of October 1, 2007. The Company's capital is composed of shareholders' equity. The Company's objective is to raise sufficient capital to execute its exploration plan. The Company does not use any capital-based metrics. The Company does not have any externally imposed capital requirements. There have not been any changes to the overall capital risk management strategy during the period ended March 31, 2010.

FINANCIAL INSTRUMENTS

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash and cash equivalents	Held for trading
Receivables and subscriptions receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Cash and cash equivalents include bank deposits and short-term money market investments which on acquisition have a term to maturity of three months or less.

The Company's exposure to various risks and the impact upon the Company's financial statements are as follows:

Commodity Price Risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

Currency Risk

The Company's primary operations are located in the DRC. The Company pays most of its DRC costs in United States Dollars, and is therefore subject to foreign exchange risk on this payment stream. The Company also pays suppliers in United Kingdom Pounds Sterling and European Euros and is therefore subject to foreign exchange risk on these payment streams.

Credit Risk

The Company monitors the financial condition of its venture partners and counterparties to contracts. The Company does not have a significant exposure to any individual third party. Credit risk on amounts receivable is limited to the outstanding balance of such amounts.

Sensitivity Analysis

As at March 31, 2010, cash and cash equivalents include 591,369 United States Dollars, receivables include 63,605 United States Dollars, and accounts payable and accrued liabilities include 729,415 United States Dollars, 78,271 United Kingdom Pounds Sterling and 836 European Euros.

At March 31, 2010, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the period would have been $7,562 higher (lower).

At March 31, 2010, if the Canadian Dollar had weakened (strengthened) 10 percent against the United Kingdom Pound Sterling with all other variables held constant, the net loss for the period would have been $12,071 higher (lower).

At March 31, 2010, if the Canadian Dollar had weakened (strengthened) 10 percent against the European Euro with all other variables held constant, the net loss for the period would have been $115 higher (lower).

RECENT ACCOUNTING PRONOUNCEMENTS NOT YET APPLIED

International Financial Reporting Standards

The CICA plans to converge Canadian generally accepted accounting principles with International Financial Reporting Standards (IFRS) over a period expected to end in 2011. The Company's transition date of October 1, 2011 will require restatement of the amounts reported by the Company for the year ended September 30, 2011 for comparative purposes.

The Company has begun the process of developing an IFRS conversion plan which includes an in-depth analysis of IFRS while identifying the differences between IFRS and the Company's current accounting policies. Once these key differences are identified, the Company can assess the impact of the conversion to IFRS, and develop an appropriate implementation plan. 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.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures, and internal controls over financial reporting. The Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures, and the design of internal controls over financial reporting at December 31, 2009, have concluded the Company's disclosure controls and procedures and design of internal controls over financial reporting are adequate and effective as per Multilateral Instrument 52-109 – Certification of Disclosure in Companies' Annual and Interim Filings.

There has been no change in the Company's internal control over financial reporting, or in any other factors that could significantly affect internal controls, during the six months ended March 31, 2010.

QUALIFIED PERSON

The scientific and technical data included in this MD&A has been reviewed by Stanley Robinson, M.Sc., F.GAC., P.Geo., a consultant to the Company, and a Qualified Person pursuant to National Instrument 43-101.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.