

Management Discussion and Analysis of Audited Consolidated Financial Statements  
For the three month period ended December 31, 2009

**Kilo Goldmines Ltd.**

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**KILO GOLDMINES LTD.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the three month period ended December 31, 2009**

*This Management Discussion and Analysis (“MD&A”) of Kilo Goldmines Ltd. (“Kilo” or the “Company”) is dated February 24, 2010 and provides an analysis of the Company’s performance and financial condition for the three month period ended December 31, 2009 , 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 December 31, 2009, 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](http://www.sedar.com) or the Company’s website at [www.kilogold.net](http://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. Where appropriate, the comparative figures presented in this MD&A and the audited consolidated financial statements for the period ended December 31, 2008 are the historical results of Old Kilo.

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

## **DEVELOPMENTS DURING THE THREE MONTHS ENDED DECEMBER 31, 2009**

### **Exploration Activities**

During the three months ended December 31, 2009, 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. Drill target designations are only assigned when a specific target is to be drilled.

During the three month period ended December 31, 2009, 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 of these holes was completed by December 31, 2009, however, sampling had not been carried out.

The M3 Target is characterized as a one kilometre long by 250 metre wide gold-in-soil anomaly. Subsequent to the collection of the soil samples this area developed into a major artisanal working with an area of exploitation over 400 metres along strike. 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 silica alteration, were intersected. The occasional speck of visible gold was observed in quartz. Logging and sampling of the drill core is in progress. As of December 31, 2009, samples from selected intervals in all of the M3 Target drill-holes had been submitted for analysis, results obtained for four holes included 2.915 g/t gold over 3.0 metres and 28.600 g/t gold over 0.75 metre. For a complete list of these results, please see the Company's press release dated December 17, 2009.

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. As of December 31, 2009, logging and sampling of this drill hole had not been completed.

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. Prior to December 31, 2009, samples from this hole had been submitted for analysis.

During the three month period ended December 31, 2009, all pre-requisites pursuant to the Mining Law and Mining Regulations allowing exploration activities to commence on four of the eight Exploitation Licences were completed. Exploration activities were not carried out on any of the eight Exploitation Licences during the three month period ended December 31, 2009.

The Company did not carry out any exploration activities on the KGL-ERW properties during the three month period ended December 31, 2009.

Exploration activities were not carried out on the KGL-SIHU properties during the three month period ended December 31, 2009.

Exploration activities were not carried out on the KGL-POKO properties during the three month period ended December 31, 2009.

#### **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.

<b>For the fiscal periods ended September 30,</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
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 month period ended December 31, 2009, the Company incurred expenditures of \$946,879 on the KGL-MASTERS group of properties, an increase of \$785,367 from expenditures of

\$161,512 for the same period ended December 31, 2008. During the three months ended December 31, 2009, the Company continued drilling on properties within the KGL-MASTERS group of properties, incurring drilling costs of \$648,041. The Company also incurred administrative and project management costs of \$152,682, professional fees of \$54,477, and security costs of \$36,171 during the quarter ended December 31, 2009. The remaining \$55,508 was spent on travel, soil sampling and repairs and maintenance charges. During the quarter ended December 31, 2008, the Company incurred administrative and project management costs of \$113,924 and professional fees of \$34,748. The remaining \$22,884 was spent on travel, public relations and repairs, and maintenance charges.

#### KGL-SOMITURI

During the three month period ended December 31, 2009, the Company incurred expenditures of \$266,700 on the KGL-SOMITURI group of properties, an increase of \$202,702 from expenditures of \$63,998 for the same period ended December 31, 2008. The Company incurred geological expenses of \$132,871 and drilling expenditures of \$32,929 during the three months ended December 31, 2009, as exploration efforts were commenced on the KGL-SOMITURI group of properties. No such expenses were incurred during the three months ended December 31, 2008. Administrative and project management expenses of \$56,497, professional fees of \$42,850 and travel expenses of \$1,553 were incurred during the three month period ended December 31, 2009. For the three months ended December 31, 2008, these same expenses were \$58,453, \$5,544, and \$Nil respectively.

#### KGL-ERW

During the three month period ended December 31, 2009, the Company incurred net expenditures of \$148 on the KGL-ERW group of properties, a decrease of \$188,888 from expenditures of \$182,036 for the same period ended December 31, 2008. The main reason for the decrease in expenditures was the receipt of \$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 three months ended December 31, 2009. During the period ended December 31, 2009, the Company issued 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 warrants was calculated as \$367,240 and allocated to the acquisition costs of the KGL-ERW properties (for additional information related to these warrants, please see the "Liquidity and Capital Resources" section in this MD&A). The Company also incurred professional fees of \$6,172, administrative and project management expenses of \$2,784, and soil sampling charges of \$1,415 during the quarter ended December 31, 2009. During the quarter ended December 31, 2008, the Company incurred professional fees of \$123,466, acquisition costs of \$19,600, and administrative and project management expenses of \$38,790.

#### KGL-SIHU

During the three month period ended December 31, 2009, the Company incurred expenditures of \$6,008 on the KGL-SIHU group of properties, an increase of \$2,065 from expenditures of \$3,943 for the same period ended December 31, 2008. For both periods ended December 31, all of these expenses were professional fees.

#### KGL-POKO

During the three month period ended December 31, 2009, the Company incurred expenditures of \$814 on the KGL-POKO group of properties, an increase of \$158 from expenditures of \$656 for

the same period ended December 31, 2008. For both periods ended December 31, all of these expenses were professional fees.

### **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.

In the three month period ended December 31, 2009, the Company's net loss was \$726,160, compared to a net loss of \$283,449 for the three month period ended December 31, 2008.

During the period ended December 31, 2009, total expenses increased by \$446,805 to \$734,145 when compared to the period ended December 31, 2008.

During the three months ended December 31, 2009, administrative and general expenses increased by \$49,501 to \$75,044. 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 \$53,115 to \$213,546 during the three months ended December 31, 2009, as compared professional fees incurred of \$160,431 during the period ended December 31, 2008. The increase was primarily due to additions to the management team.

During the three months ended December 31, 2009, public relations and investor relations expenses increased by \$21,370 to \$71,909, when compared to similar charges incurred during the three months ended December 31, 2008. The increase was due to the Company's efforts to expand their global presence through advertisement in international mining publications.

Travel expenses for the three months ended December 31, 2009 totaled \$61,375, an increase of \$60,377 from the same period ended December 31, 2008. The increase in travel during the period was due to travel to the Democratic Republic of Congo ("DRC") in connection with the Company's properties, and to increased senior management travel related to the Company's ongoing operations.

Stock-based compensation for the three months ended December 31, 2009 was \$225,107 as a result of options granted to an officer, consultants, and an agent during the three months ended December 31, 2009, 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 month period ended December 31, 2008.

## 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	Dec 2009	Sep 2009	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Jun 2008	Mar 2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net revenues	7,985	184	510	10	3,891	2,248	6,951	10,621	
Loss before discontinued operations and extraordinary items	726,160	632,464	778,304	328,110	283,449	981,210	431,530	455,827	
Loss before discontinued operations and extraordinary items, per share basic and diluted	0.01	0.02	0.02	0.01	0.01	0.04	0.02	0.02	
Net loss	726,160	632,464	778,304	328,110	283,449	981,210	431,530	455,827	
Net loss, per share basic and diluted	0.01	0.02	0.02	0.01	0.01	0.04	0.02	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 \$6,320,534 of working capital as at December 31, 2009, compared to negative working capital of \$211,033 at December 31, 2008. As at December 31, 2009, the Company held cash and cash equivalents of \$6,726,626 versus \$81,445 as at December 31, 2008. This increase in cash and cash equivalents as well as the increase in the Company's working capital position reflects the Company's recent efforts to raise capital through the issuance of shares and warrants through private placements.

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 February 24, 2010, the Company's share position consisted of:

Shares outstanding (i)	62,998,069
Options outstanding (ii)	6,928,333
Warrants outstanding (iii)	20,612,400

### (i) Shares outstanding

- a) During the three months ended December 31, 2009, 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) Options outstanding

- a) During the three months ended December 31, 2009, 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 December 31, 2009, the following options were outstanding:

<b>Option Price</b>	<b>Number of Options</b>	<b>Weighted Average Remaining Contractual Life</b>
\$0.80	151,250	0.25 years
\$0.80	112,500	0.25 years
\$1.00 US	100,000	0.25 years
\$0.60	750,000	0.25 years
\$0.60	637,883	2.25 years
\$0.30	400,000	2.25 years
\$1.00	500,000	2.25 years
\$1.50	750,000	2.25 years
\$0.50	319,200	1.25 years
\$0.50	300,000	1.25 years
\$0.60	1,557,500	1.75 years
\$0.45	1,227,500	4.75 years
\$1.50	122,500	0.25 years

During the three months ended December 31, 2009, 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 three months ended December 31, 2009.

**(iii) Warrants outstanding**

- a) During the three months ended December 31, 2009, 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 December 31, 2009, 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 three months ended December 31, 2009, the Company:

- a) Incurred management fees of \$57,000 with a company controlled by a director. The Company also incurred consulting fees of \$36,000 with two individuals related to this director. This director is also an officer.
- b) Incurred legal fees of \$24,726 with a firm in which a director and a former director are partners, all of which was capitalized as property acquisition costs. As at December 31, 2009, accounts payable and accrued liabilities included \$8,096 related to this law firm.
- c) Incurred accounting fees of \$47,522 with an accounting firm in which an officer is a partner. As at December 31, 2009, accounts payable and accrued liabilities included \$15,940 related to this accounting firm.
- d) Incurred publicity and advertising fees of \$9,900 with a company controlled by a person related to a director. The director is also an officer.
- e) Incurred management fees of \$62,500 with a director. The director is also 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 December 31, 2009.

## FINANCIAL INSTRUMENTS

The Company has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Classification</u>
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 December 31, 2009, cash and cash equivalents include 1,777,610 United States Dollars, receivables include 63,605 United States Dollars, and accounts payable and accrued liabilities include 293,618 United States Dollars and 116,663 United Kingdom Pounds Sterling.

At December 31, 2009, 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 \$155,968 higher (lower).

At December 31, 2009, 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 \$19,737 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 three months ended December 31, 2009.

## **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](http://www.sedar.com).