Form 51-102F1

Management's Discussion & Analysis (MD&A)

THEMAC RESOURCES GROUP LIMITED

INTERIM MD&A FOR THE NINE MONTHS ENDED MARCH 31, 2010

1.- Date of this report: May 25, 2010

This report covers financial information related to the nine months ended March 31, 2010 ("the Period"), and other relevant information available up to the date of this report. This report should be read in conjunction with the interim unaudited financial statements for the nine months ended March 31, 2010 and with annual audited financial statements for the fiscal year ended June 30, 2009 and the related annual MD&A.

2.- Overall Performance

Description of Business

THEMAC Resources Group Limited (the "Company") was incorporated on February 24, 1997 under the Business Corporations Act (Yukon), Canada. The Company is in the business of acquiring, exploring and developing natural resource properties in various parts of the world.

The Company is a reporting issuer in the provinces of British Columbia and Alberta, Canada, and trades its shares on the NEX Board of the TSX Venture Exchange under the symbol MAC.H.

The Company does not currently own interest in any exploration property.

Milestones for the Period and to the date of this MD&A

Please refer to Section 10, Proposed Transaction, for details.

Financings

On November 26, 2009, the company settled $40,000 due to a Marley Holdings, a company owned by Kevin Maloney, in consulting fees by issuing 533,333 common shares at $0.075 per share. As the shares were issued at a discount price from the market price of $0.095 on the date of the settlement, as permitted by TSX Venture Exchange policies, the fair value of the shares issued was $50,667 and the Company recognized a loss on settlement of debt of $10,667.

On February 19, 2010, the Company closed a non-brokered private placement raising $460,000 with Marley Holdings Pty Ltd., a company controlled by Mr. Kevin Maloney, a director of the Company. The Company issued 5,111,111 units at $0.09 per unit. Each unit consists of one common share, and one share purchase warrant; each warrant will entitle the holder to purchase one common share of the Company at a price of $0.10 per share until February 19, 2011. The proceeds of the private placement will be used for general working capital. The units sold will have a hold expiring on June 20, 2010.

On March 12, 2010, the Company entered into a Heads of Agreement with Mercator Gold Plc (see Section 10 for details). Pursuant to the heads of agreement, Mercator and its nominees agreed to a private placement of subscription receipts, which was completed on May 6, 2010. The Company raised $837,384 by issuing 5,582,556 subscription receipt, which will entitle the places, if and when the transaction closes, to receive a similar number of units, each unit consisting of one common share and one common share purchase warrant with an exercise price of $0.28 exercisable for one year from the date of issuance.

Working Capital

As at March 31, 2010, the Company had working capital of $106,198 (June 30, 2009 - $26,302).

Goods and Services Tax (GST) recoverable totalled $3,243 (June 30, 2009 - $2,842).

Prepaid expenses and deposits of $5,553 (June 30, 2009 - $1,729) consists of $550 as a one-month office rent deposit, and $5,003 prepaid legal fees.

Accounts payable and accrued liabilities were $96,940 (June 30, 2009 - $23,391).

Amounts due to related parties affecting working capital include $8,000 (June 30, 2009 - $30,000). As stated above, the Company also settled a debt of $40,000 through the issuance of shares. See section 9.

3.- Results of Operation

Loss from operations was $109,441 for the Period, compared to a $94,656 loss during the equivalent period of 2009. There was interest revenue of $nil (2009 - $5), and a gain on reversal of a liability provision of $nil (2008 - $33,541) for the Period.

Operating expenses were comparable in general terms with those of the equivalent period during the previous year, as detailed in the following table:

Nine months ended March 31	**2010**	**% of expenses**	**2009**	**% change**
Consulting	40,500	37.01%	40,500	0.00%
Management fees	13,920	12.72%	9,350	48.88%
Accounting and audit	13,860	12.66%	15,520	-10.70%
Filing fees and transfer agent fees	13,785	12.60%	10,520	31.04%
Legal fees	8,957	8.18%	4,828	85.52%
Office and sundry	7,991	7.30%	5,519	44.79%
Rent	6,180	5.65%	5,580	10.75%
Travel	2,951	2.70%	1,505	96.08%
Printing and photocopying	590	0.54%	723	-18.40%
Telephone and communications	393	0.36%	361	8.86%
Interest and bank charges	242	0.22%	147	64.63%
Amortization	72	0.07%	103	-30.10%
Loss from operations	109,441	100.00%	94,656	15.62%
Other items:				
Interest Income	-		5	
Foreign exchange loss	(849)		-	
Loss on settlement of debt	(10,667)		-	
Gain on reversal of debt provisions	-		33,541	
Loss and comprehensive loss for the period	(120,957)		(61,110)	

The following comments apply to items with larger variances or significant amounts:

- Consulting fees: see Section 9, as this expense is with related parties, and were comparable to the comparable period of 2009.
- Management fees, legal fees and travel expenditures all increased due to increased activity in the Company.
- Accounting and audit costs were comparable to the comparable period of 2009.
- The loss on the settlement of debt was due to the issuing of common shares with at a discount price as allowable by TSX Venture Exchange policies, as explained above.
- The gain on the reversal of liability provisions in 2009 was due to the reversal of a provision of $27,971 (AUD $28,718) related to an arbitration directive to pay a consultant in Australia for services provided in 1997. As the consultant never responded to the Company on this issue, the Company now considers that the matter is closed. Also during fiscal year ended June 30, 2009, the Company reversed a provision of $5,570 for a British Columbia asset tax that was in effect when the Company originally raised funds in 1999
- Remaining amounts are comparable those incurred during the equivalent period of 2009.

4.- Summary of quarterly results:

Summary of quarterly results:	$ Quarter ended							
	Mar 31 2010	Dec 31 2009	Sep 30 2009	Jun 30 2009	Mar 31 2009	Dec 31 2008	Sep 30 2008	Jun 30 2008
a) (Loss) income for the quarter:	(48,793)	(44,294)	(27,870)	(27,657)	(28,794)	(34,329)	2,013	(40,814)
➢ Per share basic & diluted:	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	0.00	(0.00)
b) Total assets	1,151,672	21,125	64,077	80,014	95,900	114,449	168,006	182,365

The increase in total assets for the March, 2010 quarter is due to the private placement of shares closed in February, 2010, and the amounts received by March 31, 2010, of the private placement of subscription receipts detailed in Sections 2 and 10.

The income for the September 2008 quarter is due to the reversal of liability provisions explained in Section 2 under Working Capital.

The higher comparable loss in the March 2010 quarter reflects the increase in activity.

The significant increase in total assets for the March 2010 quarter reflects the private placement as explained in Section 3.

The higher comparable loss in the December 2009 quarter reflects the loss on settlement of debt as explained in Section 2.

5.- Liquidity

At March 31, 2010, the Company had cash of $202,342 and taxes recoverable of $3,243 (June 30, 2009: $75,122 and $2,842, respectively). The Company will depend on future financings from its majority shareholder and other parties to continue its operations.

6.- Capital resources

The Company's ability to raise further funds from the equity markets will largely depend upon general market conditions, and the Company's success in finding and acquiring new exploration properties and finding financing alternatives.

7.- Off-balance sheet arrangements

The Company **does n**ot have any off-balance sheet arrangements.

8.- Transactions with related parties

During the Period, the Company incurred the following expenditures in respect of transactions with related parties:

- $22,500 (2009: $22,500) were paid in consulting fees and $4,500 (2009: $4,500) in office expenses to Ernest Resources Limited, a company controlled by Mr. Barrett Sleeman, president of the Company.
- $18,000 (2009: $18,000) were accrued in consulting fees to Marley Holdings Pty Ltd. (“Marley”), a company controlled by Mr. Kevin W. Maloney, a director of the Company.
- On November 26, 2009, the company settled $40,000 in consulting fees due to a Marley Holdings, a company owned by Mr. Kevin W. Maloney, a director of the Company, by issuing 533,333 common shares at $0.075 per share. The fair value of the shares issued was $50,667 and the Company recognized a loss on settlement of debt of $10,667.
- The Company issued 5,111,111 units priced at $0.09 per unit, for gross proceeds of $460,000 to Marley. Each whole unit consisted of one common share and one share purchase warrant, with each warrant exercisable into one common share at an exercise price of $0.10 per warrant until February 19, 2011
- The Company issued 75,000 common shares to Mr. Barrett Sleeman on exercise of stock options for proceeds of $7,500.
- Amounts due to related parties as at March 31, 2010 were $8,000 (June 30, 2009: $30,000) due in consulting fees to Mr. Kevin W. Maloney.

9.- Third quarter, ended March 31, 2010

The material transaction taking place during the most recent quarter is detailed in Section 10 below.

10.-Proposed transactions

On March 12, 2010, the Company entered into a Heads of Agreement (the “Agreement”) with Mercator Gold plc (“Mercator”), a UK company listed on the Alternative Investment Market (AIM) of the London Stock Exchange (ticker: MCR). Pursuant to the Agreement, the Company will acquire 100% of Mercator’s interest in New Mexico Copper Company (“NMCC”), a private New Mexico, USA, incorporated company which holds an option to acquire 100% of a project know as Copper Flat, subject only to a 3.25% Overriding Royalty (the “Transaction”).

NMCC holds the right to acquire the Copper Flat property pursuant to the terms of an option and purchase agreement dated July 23, 2009 with the Hydro Resources Corporation, a New Mexico corporation, Cu Flat, LLC, a New Mexico limited liability company, and GCM, Inc. as amended by a First Amendment of Option and Purchase Agreement dated January 20, 2010 and a Second

Amendment of Option and Purchase Agreement dated April 1, 2010 (the "NMCC Option Agreement"). In order to earn a 100% interest in the Copper Flat Property, NMCC must pay:

i) USD $150,000 on or before August 14, 2009 (paid);
ii) USD $150,000 on or before January 31, 2010 (paid);
iii) USD $850,000 to be paid on or before March 31, 2010 (paid *);
iv) USD $1,850,000 to be paid on or before August 14, 2010; and
v) USD $7,000,000 to be paid on or before February 14, 2011.

In order to maintain the property interests and complete a technical report on the property, the Company has agreed to advance funds to NMCC prior to the completion of the Transaction (each such advance, an "Advance"). The third payment due on March 31 of 2010 was funded by an Advance, paid from existing cash and the funds received from Mercator pursuant to the terms of the Heads of Agreement. In addition, the Company advanced NMCC certain funds to continue operations also pursuant to the terms of the Heads of Agreement. The Advances and legal fees incurred by the Company in connection with the Transaction are as follows:

Nature of expense	Amount in US$	Amount in Cad $
Advance for payment of option	850,000	865,215
Advances for NMCC expenses	51,117	51,986
Legal fees accrued for the transaction.	n/a	23,084
		950,285

The Advances do not bear interest unless the Transaction does not proceed, in which case the Advance must be repaid within six months of the Agreement (or the definitive agreement intended to succeed it) being terminated. Repayment of the Advance in the event the Transaction does not proceed is guaranteed by Mercator.

The final payment may be deferred until May 16, 2011 upon the payment of an additional US$150,000.00 on or before February 14, 2011. The property will be subject to a 3.25% net smelter return royalty, and quarterly advance royalty payments of US$50,000 (for copper prices under US$2.00) or US$112,500 (for copper prices greater than $2.00).

The Company will issue to Mercator 10,500,000 common shares and 10,500,000 warrants in consideration for all of the outstanding shares of NMCC. Each warrant will entitle the holder to acquire an additional common share for a period of 5 years after closing of the acquisition, at a price of $0.28 per share, and may acquire additional securities of the Company as circumstances dictate. Closing of the acquisition is subject to a number of conditions, including receipt of all necessary regulatory approvals, delivery of a preliminary assessment on the Copper Flat Property which complies with National Instrument 43-101, completion of due diligence by each party, execution of a definitive agreement or agreements for the transactions, and completion of a minimum $5 million equity financing by the Company.

As an interim commitment, Mercator and/or its nominees agreed to purchase 5.5 million subscription receipts of the Company at a price $0.15 per subscription receipt (the "Interim Financing"). Each subscription receipt will convert to one unit upon completion of the Transaction, each unit to consist of one common share and one common share purchase warrant with each whole warrant exercisable to acquire one common share at a price of $0.28 per share for a period of one year from the date of issue of the subscription receipts. If the Transaction does not proceed, then at the option of the Company the subscription receipts can be cancelled and a pro rata interest in the repayment of the Advance to NMCC assigned to subscribers. By March 31, 2010, the Company had received $610,000 in subscription funds.

Following the Interim Financing, the Company will fund all expenditures incurred in relation to the Copper Flat Property and the expenses of Mercator in respect of the acquisition, including making the property payment due March 31, 2010, as described above. All such advances shall be made as loans to NMCC, which shall only be due and payable if the acquisition does not proceed.

On May 6, 2010, the Company announced the closing of its private placement of subscription receipts. A total of 5,582,556 subscription receipts were issued at $0.15 per subscription receipt for proceeds of $837,384 (the "Offering"). .

Of the total amount, Mercator purchased 4,000,000 subscription receipts at $0.15 per subscription receipt, for total consideration of $600,000. Upon conversion of the subscription receipts, Mercator will directly own 4,000,000 common shares of the Company, and warrants to purchase a further 4,000,000 common shares of the Company at a price of $0.28 per share for a period of one year from the date of issue of the subscription receipts. Upon conversion of the subscription receipts, assuming no other securities of the Company are issued, Mercator will hold 21.9% of the outstanding shares of the Company (35.9% of the outstanding shares of the Company, on a partially diluted basis assuming Mercator exercises all of its warrants, and no other warrants are exercised).

All securities issued in connection with the Offering will be subject to a hold period expiring on September 4, 2010. Proceeds from the Offering are being used to fund the Company's obligations under the Heads of Agreement, including making property payments on NMCC's Copper Flat property. In addition, the Company has made advance to NMCC amounting to $151,531 under the terms of the Heads of Agreement.

The Copper Flat Property

The Copper Flat copper-molybdenum-gold-silver project, located in New Mexico, USA, is a former producing mine with substantial infrastructure still in place. NMCC holds an exclusive option to acquire a 100% interest in the Copper Flat project.

The Copper Flat Property consists of 1590 hectares of fee simple lands, patented mining claims and BLM (Bureau of Land Management) lands located approximately 6 miles northeast of the town of Hillsboro in Sierra County, state of New Mexico, a centre of significant past mining activity. The property itself has been the subject of considerable exploration and development activity, and was placed into full production at a rate of 15,000 tons per day for a period of 3 months in 1982 by Quintana Minerals, during which 1.2 million short tons of ore were mined and approximately 7.4 million lbs of copper, 2,301 oz of gold and 55,966 oz of silver were produced. Quintana placed the property on care and maintenance after three months due to declining copper prices - which at the time were in the order of 70 cents per pound. Major infrastructure remains in place including tailings structures, 19 miles of power lines plus substation, office building, equipment foundations, access roads and a major system of diversion dams and channels. A pre strip of the ore body has been completed, which along with the infrastructure in place represents a considerable portion of the capital investment that would be required if the project were to be brought into production from scratch. Test work along with actual production has consistently demonstrated copper recovery of 92% and the production of concentrates with an average copper grade of 28%.

Access to the property is by a 5 km gravel road departing from paved State Highway 152. The deposit area is within a roughly circular block of andesitic volcanic rocks about 6 km in diameter. These andesitic rocks have been intruded by a quartz monzonite porphyry stock. The stock and resulting breccia pipe contain the mineralization with the pipe itself containing the higher grades. The pipe is a continuous orebody composed of an altered quartz monzonite porphyry in a matrix of quartz and sulphides. The deposit consists entirely of hypogene copper mineralization with nearly all of the copper occurring as chalcopyrite. The pipe as currently defined is approximately 400 meters by 183 meters and over 305 meters in depth with opportunities to extend it in depth. Previous drilling on 30 meter centers has indicated internal continuity and consistency of grade.

A preliminary review of the project was completed for Mercator by SRK Consulting of Lakewood, Colorado ("SRK") in August of 2009. As a result of SRK's conclusions, Mercator expended in excess of one million US dollars on the property, conducting a 1500 meter drill program, geotechnical sampling, permit initiation and engineering reviews, and making land payments. This is in addition to the 35,000 meters of drilling and many thousands of assays done by the previous owners - virtually all of which are still available. A significant portion of these samples are currently being reanalyzed to confirm previous values for Cu, Mo, Au, and Ag by Skyline Labs of Tucson for Mercator.

During May, 2010, the Company received from SRK a NI 43-101 compliant report, estimating at 107 million short tons grading an average of 0.303% copper classified as Indicated Resources with an additional 46 million short tons grading an average of 0.240% copper classified as Inferred Resources. The resource is stated above a 0.12% copper cut-off and contained within a potentially economic open pit.

The Mineral Resources are reported in accordance with Canadian National Instrument 43-101 ("NI 43-101") and have been estimated in conformity with the generally accepted Estimation of Mineral Resource and Mineral Reserves Best Practices guidelines of the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM").

The SRK Mineral Resource statement for the Copper Flat deposit is presented in Tables 1 and 2 below.

Resource Estimate

Table 1: SRK Mineral Resource Statement for the Copper Flat Copper Deposit*, May 6, 2010

Resource Classification	Quantity (Mst)	Grade Cu (%)	Contained Metal Copper (M-lbs)
Indicated†	107	0.303	645
Inferred†	46	0.240	222

Table 2: SRK Mineral Resource Statement for the Copper Flat Copper Deposit*, May 6, 2010 (Metric Units)

Resource Classification	Quantity (Mt)	Grade Cu (%)	Contained Metal Copper (kt)
Indicated†	97	0.303	294
Inferred†	42	0.240	100

Notes to Tables 1 and 2:

* Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves. All figures have been rounded to reflect the relative accuracy of the estimates. The cut-off grades are based on metal price assumptions of US$3.50/lb of copper, and a metallurgical recovery of 90.9% for copper. Gold and silver were not used in the pit optimization.

† Reported at a cut-off grade of 0.12% copper contained within a potentially economic open pit.

The Mineral Resources are reported at a cut-off grade to reflect reasonable prospects for economic extraction, which were evaluated by designing a series of conceptual pit shells using the Lerchs-Grossman optimizing algorithm.

SRK considers that portions of the Copper Flat copper deposit are amenable for open pit mining, and has not considered underground mining methods for deeper portions of the deposit.

After review of several scenarios considering different metal prices, design criteria and operating cost assumptions, SRK assumed a copper price of US$3.50/lb; a metallurgical recovery of 90.9%; mining costs of US$1.72/short ton mined; processing and G&A costs of US$5.49/short ton processed; and slope angles of 45º in all areas.

SRK was provided a database of all available drill-hole and underground sampling data, comprising collar, survey, assay, and lithology information, on March 24, 2010. This database includes data from some 191 drill-holes accounting for 134,610ft (41,029m) of drilling/underground drifting. Of this total, some 129,014ft (39,324m) has non-zero values for total copper. Drilling was conducted during 1968-1973 by Inspiration Development, during 1974-1979 by Quintana Minerals and during the early 1990s by Gold Express Corporation. New Mexico Copper Corporation, a wholly owned subsidiary of Mercator Gold plc, conducted a 7 diamond drill-hole program of confirmation drilling in 2009-2010.

Approximately 10% of the pulp and core duplicate pulps archived on site were re-assayed for copper, molybdenum, gold and silver at SRK's request. The re-assay data have been validated by SRK and SRK is of the opinion that the results show good reproducibility compared with the historic data provided, and that the data is suitable for use in resource estimation.

All raw assay data was composited into 30ft (9.144m) down-hole lengths. The composite length was selected to reflect the anticipated selective mining unit, with mining currently envisioned using a 30ft (9.144m) bench height.

In order to constrain grade estimation, grade polygons were constructed in 100ft spaced N-S sections using a nominal 0.12% Cu cut-off. Additional higher grade polygons were constructed using a nominal 0.3% Cu cut-off in order to better restrict a geologically continuous higher grade core of the deposit.

A regular celled block model of the deposit was created in Vulcan™ software, based on a block size of 50ft x 50ft x 30ft (15.24m x 15.24m x 9.144m), which is considered appropriate with respect to the current drill-hole spacing as well as the selective mining unit size typical of the likely type and scale of operations. Block grades for copper were estimated by inverse distance weighting and all block grade estimates were made using length weighted composite drill-hole data.

The Mineral Resources of the Copper Flat deposit have been classified in accordance with the CIM Definition Standards for Mineral Resources and Mineral Reserves. Blocks in the model which have been estimated using a minimum of two drill-holes at maximum average block-composite separation distance of 185ft have been classified as Indicated Mineral Resources. Blocks in the model that do not meet the criteria for Indicated Mineral Resources but which are within a maximum average distance of 380ft from one or more drill-holes have been classified as Inferred Mineral Resources.

No resource estimate was conducted for the secondary metals of the Copper Flat deposit (molybdenum, gold and silver), which are of potential economic significance.

There are no known environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant factors which could materially affect the Mineral Resources estimated.

The resource estimate was completed by Jeffrey Volk, CPG, FAusIMM, an independent qualified person, as this term is defined in NI 43-101. The effective date of this resource estimate is May 6, 2010 and based on data received by SRK in March, 2010.

A comprehensive technical report will be produced by SRK.

Mr. Barrett Sleeman, the President of the Company, is a qualified person under National Instrument 43-101, and has reviewed the technical information contained in this disclosure.

Completion of Acquisition

THEMAC and Mercator are working with SRK to complete a preliminary assessment (as defined in NI 43-101) on the Copper Flat project. The Company has been advised that it will receive the initial draft of the preliminary assessment from SRK by early June 2010, and will thereafter make its formal submissions to the TSX Venture Exchange for approval of the Transaction.

Upon closing the acquisition, NMCC will become a wholly owned subsidiary of the Company. The Company will be making application to graduate from NEX to the TSX Venture Exchange as a Tier 2 or Tier 1 Mining Issuer concurrent with the closing of the acquisition.

Following completion of the acquisition, the Company plans to advance the Copper Flat project in the next 12 months by focusing initial work on feasibility and engineering, mine design and permitting, and development drilling of the deposit. The feasibility and engineering will begin with overviews of past plans and engineering with refinements to focus on water use and conservation, energy applications for savings and innovation, and engineering optimizations. Mine permitting has been initiated, and past permitting studies and reports will be integrated with new requirements working closely with the BLM and the State agencies, while also initiating community and stakeholder outreach. Development drilling and geotechnical analyses will be synergized with mine design and engineering needs, along with testing of newly recognized mineralized zones.

Management of the Company following the acquisition of NMCC will consist of two representatives of the current board of directors, Barrett Sleeman and Kevin Maloney, two representatives of Mercator, and one additional director to be agreed upon.

It is anticipated that upon the closing of the acquisition of NMCC, Mercator will become a controlling shareholder of the Company. Pursuant to the policies of the NEX, the Company must obtain approval of its shareholders if it issues greater than 100% of its outstanding shares and there is a change of control of the Company. The Heads of Agreement and related transactions have been approved by Marley Holdings Pty. Ltd., which currently holds 8,850,768 shares representing 70.25% of the outstanding shares of the Company.

11.-Changes in accounting policies

Accounting policies effective July 1, 2009

In January 2009, the CICA issued Emerging Issues Committee ("EIC") Abstract 173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. The EIC is applicable for the Company's interim and annual financial statements for its fiscal year beginning July 1, 2009, with retroactive application. The adoption of EIC-173 did not have a material impact on these interim financial statements.

In March 2009, the CICA issued Emerging Issues Committee Abstract 174 - *Mining Exploration Costs* ("EIC-174") which amends EIC-126 - *Accounting by Mining Enterprises for Exploration Costs*, to provide additional guidance for mining exploration enterprises on the accounting for capitalization of exploration costs and when an impairment test of these costs are required. EIC-174 is applicable for the Company's financial statements effective January 1, 2009, with retroactive application. The adoption of EIC-174 did not have a material impact on these interim financial statements

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian 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 transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by companies for the year ended on or after December 31, 2010. The Company is evaluating the impact of the adoption of these new Sections on its financial statements.

12.-Financial Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and amounts due to related parties. The fair value of these financial instruments approximate their carrying values.

The Company only invests its cash in an interest-bearing current bank account or term deposits, instruments that are deemed to be very low risk.

13.-Risk elements

Forward-Looking Statements.

Certain statements made and information contained in this MD&A and elsewhere constitutes "forward-looking information" within the meaning of the Ontario Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits, the possibility that future exploration, development results will not be consistent with the Company's expectations, accidents, equipment breakdowns, title matters and surface access, labour disputes, the potential for delays in exploration activities, the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, failure to obtain adequate financing on a timely basis and other risks and uncertainties, including those described under Risk Factors in each management discussion and analysis.

In addition, forward-looking information is based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of gold, that the Company will receive required permits and access to surface rights, that the Company can access financing, appropriate equipment and sufficient labour and that the political environment within Mexico will continue to support the development of environmentally safe mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Risk Factors

Development-stage mineral exploration companies face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible.

Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company is aware of these factors while assessing potential acquisitions, and closely monitors its activities and those factors that could impact them, and employs experienced consulting to assist in its risk management and to make timely adequate decisions.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company is aware of these risks in its search for mineral properties.

The price of the commodities being explored is also a significant risk factor, as a substantial decline in their price could result in a decision to acquire or abandon a specific project. Commodity prices fluctuate and are affected by numerous factors, including expectations with respect to the rate of inflation, exchange rates, interest rates, global and regional political and economic crises and governmental policies. Environmental laws and regulation could also impact the viability of a project.

Finally, operating in a specific country has legal, political and currency risks that must be carefully considered to ensure their level is commensurate to the Company's assessment of a project.

Market volatility during the current reporting period

The capital markets around the world have experienced an unprecedented volatility during the fiscal year ended June 30, 2009. While the markets seem to be stabilizing as at the date of this MD&A, a further period of volatility could affect the Company ability to secure public financing, as well as adversely affect the market price of its common shares.

Given the Company's present situation, while it may affect the trading price of its common shares, it is not expected that this volatility will have an effect on the Company's limited operations or on its financial statements for the next few months. The Company has depended on financing from its majority shareholder in the past, but if the proposed transaction described in Section 10 closes, it will be more dependent on public markets and the support from controlling shareholders..

Management's responsibility over financial information

The Company's management is responsible for presentation and preparation of the financial statements and the Management's Discussion and Analysis ("MD&A"). The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators

The financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

14.-Cautionary note for USA readers

As a British Columbia corporation, the Company is subject to certain rules and regulations issued by the British Columbia Securities Commission ("BCSC") the Company is required to provide detailed information regarding its properties including mineralization, drilling, sampling and analysis, on security of samples and mineral reserve estimates. Further, the Company describes any mineral resources associated with its properties utilizing terminology such as "inferred" or "indicated" which are terms recognized by Canadian regulators but not recognized by the United States' Securities and Exchange Commission ("SEC").

15.-Other MD&A requirements

a) Copies of all previously published financial statements, management discussions, meeting materials, etc., are available on the SEDAR website at www.sedar.com

b) Information pursuant to sections of National Instrument 51-102:

i) Section 5.3: The Company's continued operations are dependent on its ability to find a suitable exploration property and to raise adequate funds from the capital markets or other sources of financing.

ii) Section 5.4: Outstanding share data as at the date of this MD&A:

- Common shares:
  - Authorized: unlimited number, without par value.
  - Issued and outstanding: 12,664,705 (of which 93,750 remain in escrow).

- Warrants: 5,111,111 share purchase warrants with an exercise price of $0.10 exercisable until February 19, 2011. Each warrant entitles the holder to purchase one common share of the Company.

- Stock options: 353,000 with a weighted average exercise price of $0.16 and a weighted average remaining contractual life of 0.80 years at March 31, 2010. Each stock option entitles the holder to purchase one common share of the Company.

The distribution of stock options is as follows:

Option Holder	Options Outstanding & Exercisable	Weighted average exercise price	Expiry date	Weighted average remaining contractual life as at March 31, 2010
Barrett Sleeman	83,000	$0.16	16/01/2011	0.80 (yr)
Kevin W. Maloney	220,000	$0.16	16/01/2011	0.80 (yr)
Stephen L. Law	50,000	$0.16	16/01/2011	0.80 (yr)
	353,000	$0.16		0.80 (yr)

- Subscription receipts: 5,582,556 subscription receipts entitling their holders, upon closing of the transaction indicated by the Heads of Agreement, to an equal number of units, each unit consisting of one common share and one common share purchase warrant, with each warrant entitling its holder to purchase one additional common share at an exercise price of $0.28 for a period of one year.

The fully diluted capital of the Company as at the date of this MD&A 29,293,928

Directors and officers

The in-house qualified person responsible for the review of the technical content of this Management Discussion and Analysis is Mr. Barrett Sleeman.

Directors
Stephen Law
Kevin W. Maloney
Barrett Sleeman

Officer
Barrett Sleeman, President, CEO, CFO and Secretary

On behalf of the Board of Directors:

"*Barrett Sleeman*"

Barrett Sleeman
President, CEO, CFO and Secretary

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