Form 51-102F1

Management's Discussion & Analysis (MD&A)

THEMAC RESOURCES GROUP LIMITED

INTERIM MD&A FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2010

1.- Date of this report: November 26, 2010.

This report covers financial information related to the three months ended September 30, 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 consolidated financial statements for the three months ended September 30, 2010 and with annual audited consolidated financial statements for the fiscal year ended June 30, 2010 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 an interest in any exploration property. However, the Company has entered into an agreement dated June 28, 2010, amended November 23, 2010, with Electrum Resources plc. (formerly Mercator Gold plc.)("Electrum"), a UK public corporation listed on the Alternative Investment Market (AIM) of the London Stock Exchange (ticker: MCR) for the acquisition of Electrum's interest in the Copper Flat project (the "Transaction Agreement"). Refer to Section 10, Proposed Transactions, regarding the proposed acquisition of the Copper Flat project (the "Proposed Transaction").

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

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

Financings

On July 22, 2010, the Company received $407,827 (in addition to the $103,284 that was received on June 10, 2010), from Marley Holdings Pty Ltd. ("Marley), a company controlled by Mr. Kevin Maloney, a director of the Company, for the exercise of 5,111,111 warrants.

On September 2, 2010, the Company received cash proceeds of $19,500 for payment of share subscriptions to a private placement that closed in March 2010.

The Company also received an advance of $150,000 from Marley for working capital. Please see Section 10, Proposed Transactions.

Working Capital

As at September 30, 2010, the Company had a working capital deficiency of $(1,658,267) (June 30, 2010 - $(1,455,185)). Current assets do not include advances of $2,417,530 made for the purchase of Copper Flat which will be owing to the Company if the acquisition of the Copper Flat property does not proceed.

Taxes recoverable totalled $10,670 (June 30, 2010 - $7,396).

Prepaid expenses and deposits of $1,800 (June 30, 2010 - $1,800) consists of $550 as a one-month office rent deposit, and $1,250 prepaid TSX sustaining fees.

Accounts payable and accrued liabilities were $648,342 (June 30, 2010 - $534,621). Current liabilities include $648,342 to be paid to various suppliers pursuant to the terms of the Transaction Agreement. These amounts will be loaned to Electrum's subsidiary, and capitalized (if the Proposed Transaction is completed) or subject to repayment by Electrum (if the Proposed Transaction is not completed).

Amounts due to related parties affecting working capital include $58,000 (June 30, 2010 - $33,250).

Loans payable totalled $150,010 (June 30, 2010 - $nil). Loans payable relate to an advance made by the Company's controlling shareholder, Marley Holdings Pty. Ltd., which will be offset against subscriptions payable by Marley's affiliate, Tulla Holdings Pty. Ltd., in connection with a private placement for 40,000,000 units agreed to by Marley and Tulla after the period end.

Current liabilities include $837,383 relating to currently outstanding subscription receipts. The subscription receipts will convert to shares and warrants of the Company if the Transaction is completed. If the Proposed Transaction is not completed, the holdings of the subscription receipts will either be assigned an interest in the loans payable by Electrum to the Company, or will be converted (subject to the approval of the TSX Venture Exchange) to shares and warrants of the Company if the Proposed Transaction is not completed.

3.- Results of Operations

Loss from operations was $102,959 for the Period, compared to a $27,870 loss during the equivalent period of 2009.

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

Three months ended September 30	2010	% of expenses	2009	% change
Consulting	43,500	42.25%	13,500	222.22%
Management fees	16,380	15.91%	2,750	495.64%
Accounting and audit	10,150	9.86%	5,150	97.09%
Investor communications	10,000	9.71%	-	n/a
Travel	9,186	8.92%	-	n/a
Filing fees and transfer agent fees	6,216	6.04%	2,712	129.20%
Rent	2,460	2.39%	1,860	32.26%
Office and sundry	2,184	2.12%	1,523	31.25%
Interest and bank charges	889	0.86%	78	1617.95%
Legal fees	776	0.75%	150	417.33%
Telephone and communications	742	0.72%	121	513.22%
Printing and photocopying	459	0.45%	2	22850.00%
Amortization	17	0.02%	24	-29.17%
Loss from operations	102,959	100.00%	27,870	270.38%
Other items:				
Foreign exchange gain	6,577		-	
Loss and comprehensive loss for the period	(96,382)		(27,870)	

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

- Consulting fees: This expense is with related parties, and were higher than the comparable period of 2009 due to an increase in the amounts paid or accrued to the President of the Company (see Section 9).
- Management fees, accounting and audit costs, filing fees and transfer agent fees, interest and bank charges, and travel expenditures all increased due to increased activity in the Company, specifically relating to the Proposed Transaction (see Section 10).
- Remaining amounts are comparable or slightly higher to those incurred during the equivalent period of 2009, also due to the proposed acquisition of the Copper Flat project (see Section 10).

4.- Summary of quarterly results:

Summary of quarterly results:	$ Quarter ended							
	Sep 30 2010	Jun 30 2010	Mar 31 2010	Dec 31 2009	Sep 30 2009	Jun 30 2009	Mar 31 2009	Dec 31 2008
a) Loss for the quarter:	(96,382)	(90,218)	(48,793)	(44,294)	(27,870)	(27,657)	(28,794)	(34,329)
➢ Per share basic & diluted:	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
b) Total assets	2,453,206	1,833,780	1,151,672	21,125	64,077	80,014	95,900	114,449

The increase in total assets for the September 2010 quarter is due to the cash received on exercise of warrants, the loan advance received from Marley and advances made to Copper Flat.

The increase in total assets for the June and March 2010 quarters is due to the private placement of shares closed in February, 2010, and the amounts received of the private placement of subscription receipts detailed in Sections 2 and 11.

The higher comparable loss in the September, June, and March 2010 quarters reflects the increase in activity relating to the Copper Flat project.

5.- Liquidity

At September 30, 2010, the Company had cash of $22,998 and taxes recoverable of $10,670 (June 30, 2010: $24,657 and $7,396, respectively) and current liabilities of $1,693,735 (June 30, 2010: $1,489,038). 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 not 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:

- $37,500 (2009: $7,500) were paid or accrued in consulting fees and $1,500 (2009: $1,500) in office expenses to Ernest Resources Limited, a company controlled by Mr. Barrett Sleeman, president of the Company.
- $6,000 (2009: $6,000) were accrued in consulting fees to Marley Holdings Pty Ltd., a company controlled by Mr. Kevin W. Maloney, a director of the Company.
- The Company issued 5,111,111 units priced at $0.10 per unit, for gross proceeds of $511,111 to Marley Holdings Pty Ltd., a company controlled by a director of the Company for the exercise of 5,111,111 share purchase warrants. $103,294 of this amount had been previously advanced.
- The Company also received $150,000 advance for working capital from Marley.
- Amounts due to related parties as at September 30, 2010 were $58,000 (June 30, 2010: $33,250) due in consulting fees to Mr. Kevin W. Maloney and Mr. Barrett Sleeman.

9.- First quarter, ended September 30, 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 with Electrum), followed by a definitive transaction agreement on June 28, 2010 (the "Transaction Agreement"). Pursuant to the Transaction Agreement, the Company will acquire all of the assets of Copper Flat Corporation ("CFC"), a private New Mexico, USA, company that holds an option to acquire 100% of a project known as Copper Flat, subject only to a 3.25% Overriding Royalty (the "Acquisition").

In consideration for the Acquisition, the Company will issue to Electrum 10,500,000 common shares and 10,500,000 warrants. 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. 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 and completion of due diligence by each party.

CFC 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 (the "CFC Option Agreement"). In order to earn a 100% interest in the Copper Flat Property, CFC 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 (paid on November 17, 2010); and
v) USD $7,000,000 to be paid on or before February 14, 2011.

The final payment may be deferred until May 16, 2011 upon the payment of an additional US$ 150,000 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).

As an interim commitment, Electrum and/or its nominees purchased, through a non-brokered private placement, a total of 5,582,556 subscription receipts of the Company at a price $0.15 per subscription receipt. This placement closed on May 3, 2010. Each subscription receipt will convert to one unit upon completion of the Acquisition, each unit consisting of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share of the Company for a period of one year from the date of issue at $0.28 per share. All securities issued in connection with this placement were subject to a hold period that expired on September 4, 2010.

Of the total amount, Electrum purchased 4,000,000 subscription receipts for total consideration of $600,000. Upon conversion of the subscription receipts, Electrum 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, and with the announced financing by a company controlled by Mr. Maloney (see end of this Section), Electrum will hold less than 20% of the outstanding shares of the Company on a undiluted basis.

Pursuant to the terms of the Transaction Agreement, the Company is incurring or reimbursing all of the obligations of CFC in respect of the Copper Flat project until closing. This funding has been characterized as a loan to CFC, repayable within six months of termination of the Transaction Agreement in the event that the Acquisition is not completed. The right to demand repayment on the loan is contingent on the termination of the Proposed Transaction. On closing of the Acquisition, the Company will forgive any indebtedness owed by CFC to the Company and the amount will be allocated to the acquisition price.

The option payment due by CFC on March 31, 2010 was funded by an advance by the Company, paid from existing cash and the funds received from Electrum's subscription receipts. In addition, the Company advanced CFC certain funds to continue operations also pursuant to the terms of the Agreement. The advances made and legal costs incurred in connection with the Transaction to September 30, 2010, have been as follows:

Nature of cost	Amount in US$	Amount in Cad $
Advance for payment of option	850,000	865,215
Advances for CFC expenses	1,293,173	1,432,724
Legal fees accrued for the transaction	-	119,591
Advance payments for the purchase of Copper Flat		2,417,530

To the date of this MD&A, the Company has advanced approximately US$ 5 million to the owners of the Copper Flat project, which include the US$1,850,000 due on the option, and US$500,000 in water rights, which were forwarded after September 30, 2010.

There can be no assurance that the Acquisition will be completed as proposed or at all. The Company's controlling shareholder, Marley Holdings Pty Ltd., which holds approximately 70% of the outstanding shares of the Company, has approved the Transaction.

In anticipation of the closing of the Acquisition, on June 15, 2010, the Company incorporated a wholly owned subsidiary in the state of New Mexico, USA, New Mexico Copper Corporation ("NMCC"). The Company assigned its rights to receive the Copper Flat property to NMCC pursuant to an agreement dated June 28, 2010.

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. CFC 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 Electrum by SRK Consulting of Lakewood, Colorado (“SRK”) in August of 2009. As a result of SRK’s conclusions, Electrum 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 Electrum.

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 (645 million pounds) and .015% Mo (21.4 million pounds) classified as Indicated Resources with an additional 46 million short tons grading an average of 0.240% copper (222 million pounds) and .0065% Mo (5.6 million pounds) classified as Inferred Resources. The resource is stated above a 0.12% copper cut-off and contained within a potentially economic open pit. The company intends to reassay all or a portion of the existing pulps from previous work starting in late December in order to bring the Gold and Silver content of the deposit into the Economic Model in compliance with NI43-101 standards.

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. [added table from the technical report/filing statement]

Table 1: SRK Mineral Resource Statement, Copper Flat Deposit[1], May 6, 2010

Resource Classification	Quantity (Mst)	Grade Cu (%)	Contained Metal Copper Cu (M-Lbs)	Grade Mo (%)	Contained Metal Molybdenum Mo (M-Lbs)
Indicated[2]	107	0.303	645	0.010	21.4
Inferred[2]	46	0.240	222	0.006	5.6

(1) Mineral resources are not mineral reserves and do not have demonstrated economic viability. 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. Economic assumptions used for reporting molybdenum were a metal price of US$10.00/lb of molybdenum, and a metallurgical recovery of 54.3%. Gold and silver were not used in the pit limits optimization for reporting resources.

(2) Reported at a cut-off grade of 0.12 % Cu contained within a potentially economically 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. Copper Flat Corporation, a wholly owned subsidiary of Electrum, 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.

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 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 Copper Flat will consist of the current board of directors, Barrett Sleeman, Kevin Maloney, and Stephen Law.

On November 8, 2010, the Company announced that, a company controlled by director Kevin Maloney, has agreed to directly or through affiliated company Tulla Resources Group Pty Ltd., provide THEMAC with the financing necessary to complete the proposed acquisition of the Copper Flat project. Marley has agreed to purchase 40,000,000 units of the Company, each unit consisting of one common share and one common share purchase warrant, at $0.255 per unit, for total proceeds to the Company of $10,200,000. Each warrant will entitle the holder to purchase a further common share for a period of five years from closing, at a price of $0.34 per common share. The Company has received a total of $3,555,713, of which $150,000 were received prior to September 30, 2010. The private placement is subject to the approval of the minority shareholders of the Company.

11.-Changes in accounting policies

Adoption of new accounting policies

In February 2008, the CICA issued Handbook Section 3064 – Goodwill and Intangible Assets (“Section 3064”), which replaces CICA Handbook Sections 3062 – Goodwill and Other Intangible Assets (“Section 3062”) and 3450 – Research and Development Costs and EIC -27- Revenues and Expenditures during the Pre-Operating Period. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in Section 3062. The new section was applicable to the Company’s financial statements for its fiscal year beginning July 1, 2009. The adoption of this section did not have a material impact on the Company’s consolidated financial statements.

In June 2009, the Company adopted the amendments to CICA Section 3862, Financial Instruments Disclosures, to include enhanced disclosures on the liquidity risk of financial instruments and new disclosures on fair value measurements of financial instruments. The adoption of these amendments did not result in a material impact on the Company’s consolidated financial statements.

Accounting policies to be implemented effective June 1, 2011

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations (“Section 1582”), 1601 – Consolidated Financial Statements (“Section 1601”) and 1602 – Non-controlling Interests (“Section 1602”) which replaces CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards (“IFRS”). Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601, together with Section 1602, establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning July 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time.

Transition to 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 international financial reporting standards (“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. In the case of the Company, IFRS reporting will commence with the fiscal year starting July 1, 2011.

The Company’s staff has taken certain training courses to help them identify the differences between GAAP and IFRS that affect the Company. After the review, no material restatements of balances are expected on the initial implementation of IFRS by the Company. The implementation and transition phases to IFRS are currently planned for the last quarter of calendar year 2010 and the first half of calendar year 2011 in order to meet the adoption date of July 1, 2011.

The key area identified with the greatest potential issues and its impact on the Company’s financial statements is share-based payments. The Company issues share option awards to consultants and directors on an ongoing basis. The eligibility is dependent on staff classification and performance. The vesting conditions are solely time–based and are accounted for using graded vesting. Under the

Company's stock option plan, options typically vest in three separate tranches over 18 months and have a five year term. The Company currently measures the fair value of each option at the date of grant and then records the expense using the attribution method. IFRS will require the Company to measure the initial fair value of each option granted based on the date that the option vests, that is each tranche will be accounted for as a separate arrangement and expensed accordingly. IFRS removes the option to recognize the entire expense and then adjust for forfeitures when they occur. The Company currently records the entire expense at the grant date assuming that all options will vest, and then records the forfeitures as they occur. On transition to IFRS, management will need to estimate the forfeitures at the grant date for all outstanding share–based payments and record the revised amounts against the liability and retained earnings. The estimate should be revised if subsequent information indicates that actual forfeitures are likely to differ from previous estimates. No significant impact on the Company's financial statements is expected, though management's estimate of expected forfeitures of stock options in the future could result in a lower compensation expense being recorded in the income statement each period.
The Company has analyzed the implications of IFRS provisions regarding functional currency, and has determined that, should the acquisition of the Copper Flat project complete, the functional currency will most likely be the US Dollar. However, should such acquisition fail and the Company continue as it has in the past, its functional currency will be the Canadian Dollar.

The Company is currently studying the implications of IFRS accounting for transactions in foreign currencies, addressing the appropriate exchange rates to use for translating the different balance sheet and income statement, and how the financial effects of changes in exchange rates are to be recognized in its financial statements.

On closing of the Copper Flat transaction, the Company will further asses other accounting policy decisions which will be impacted by the adoption of IFRS.

12.-Financial Instruments

The Company's financial instruments consist of cash, receivables, advances to CFC, accounts payable and accrued liabilities, amounts due to related parties, and subscriptions received. 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 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 the jurisdictions where the company operates or is planning to operate 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.

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 consolidated 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 consolidated 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 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: 17,775,816 (of which 93,750 remain in escrow).
   - Warrants: There are no share purchase warrants outstanding.
   - Stock options: 353,000 with a weighted average exercise price of $0.16 and a weighted average remaining contractual life of 0.30 years at September 30, 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 September 30, 2010
Barrett Sleeman	83,000	$0.16	16/01/2011	0.30 (yr)
Kevin W. Maloney	220,000	$0.16	16/01/2011	0.30 (yr)
Stephen L. Law	50,000	$0.16	16/01/2011	0.30 (yr)
	353,000	$0.16		0.30 (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 (excluding shares and warrants which may be issued pursuant to the Transaction Agreement and the financing with Tulla).

Directors and officers

The in-house qualified person under National Instrument 43-101 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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