MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the six month period ended June 30, 2009

August 26, 2009

GENERAL

This Management Discussion and Analysis ("MD&A") is dated August 26, 2009 and is in respect of the six months ended June 30, 2009. The following discussion of the financial condition and results of operations of Metals Creek Resources Corp. (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the six month period ended June 30, 2009.

The discussion should be read in conjunction with the annual consolidated audited financial statements, corresponding notes to the consolidated financial statements, and management discussion and analysis for the year ended December 31, 2008.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

HISTORY OF THE COMPANY

The Company was incorporated on June 21, 2004 as The Endurance Fund Corporation, and classified as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of TSX Venture Exchange ("TSX-V" or the "Exchange") Corporate Finance Manual (the "Manual").

On December 21, 2007, the Company completed its Qualifying Transaction (as defined in the Manual) with NAUC pursuant to which the Company acquired all of the issued and outstanding common shares and common share purchase warrants of NAUC (the "Acquisition"). Pursuant to the Acquisition, the Company issued 9,859,286 common shares at a deemed price of $1 per share, and warrants to acquire 357,143 common shares at an exercise price of $0.50. The Exchange issued a Final Exchange Bulletin on January 25, 2008 approving the Acquisition. In addition, the Company completed a concurrent financing for 1,855,250 units of the Company at $1 per unit for gross proceeds of $1,855,250.

The Company changed its name to Metals Creek Resources Corp. on February 20, 2008. The Company is listed as a tier 2 Issuer by the Exchange.

GOING CONCERN

The financial statements of the Company have been prepared on the basis of Canadian generally accepted accounting principals ("GAAP") applicable to a going concern. The appropriateness of this methodology is dependent upon, among other things, future profitable operations, and the ability of the Company to raise additional capital.

The financial statements for the six months ended June 30, 2009 have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and/or generate continued financial support in the form of equity or other financings. Management feels that sufficient working capital will be obtained from public share offerings to meet the Company's liabilities and commitments as they come due. The financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

The Company is an exploration stage company has not earned any significant revenues to date, is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

OVERVIEW OF BUSINESS

The focus of the Company is to seek out and explore mineral properties of potential economic significance and advance these projects through prospecting, sampling, geological mapping and geophysical surveying, trenching, and diamond drilling in order for management to determine if further work is justified. The Company's property portfolio consists of projects focusing on base metals, gold, uranium, and platinum group metals.

FINANCIAL AND OPERATIONAL PERFORMANCE

Financial Condition

The Company's cash balance as at June 30 2009 was $616,776, all of which was reserved for eligible flow through expenditures compared to $176,446 as at December 31, 2008, which also was entirely reserved for eligible flow through expenditures. As at the six month period ended June 30, 2009, the Company did not hold any short term investments.

Current assets of the Company as at June 30 2009 were $702,831 compared to $482,574 as at December 31 2008. The increase was attributable to a private placement that occurred during the period net of expenditures made on the Company's mineral properties and deferred exploration expenditures and general and administrative expenditures.

Total assets as at June 30, 2009 were $3,447,497 compared to $2,853,631 as at December 31, 2008. This increase was attributable to the increase in cash resulting from the abovementioned private placement.

Current liabilities as at the six month period ended June 30, 2009 were $161,064 compared to $215,913 at December 31, 2008. This reduction is dependent on the level of transactions which transpired in the second quarter of 2009.

Results of Operations

The Company earned interest income of $2 (2008: $7,162) as a result of interest earned on cash balances during the six month period. The decrease was attributable to the redemption of surplus funds invested in interest bearing instruments. The Company realized net proceeds from the sale of mineral property claims during the quarter of $22,520 (2008 - $NIL). In addition, the company earned $367 (2008: $10,180) in admin fees on mineral properties pertaining to operator fees on joint ventures. The reduction pertains to minimal joint venture activity at or around the period end.

Total expenses for the six months ended June 30, 2009 were $324,099 compared to $488,833 for the same period in 2008. Net loss and comprehensive loss for the period ended June 30, 2009 was $43,197 or $0.001 per share after a recovery of future income taxes of $258,013 versus a net loss and comprehensive loss of $331,492 or $0.018 per share for the same period in 2008.

Expenses incurred during the period ended June 30, 2009 consist of:

i) Business development of $65,667 (2008 – $64,254) (increased marginally as a result of implementation of corporate strategies)
ii) Amortization of capital assets $18,378 (2008: $16,381) (increased as a result of capital assets acquired in 2008)
iii) Professional fees of $30,205 (2008: $189,109) – these amounts consist of professional fees include legal, audit, accounting and consulting and decreased as a result of the fact that there were no costs in 2009 associated with the reverse takeover transaction that occurred in 2008.
iv) Office and general of $48,313 (2008 – $94,329) representing office supplies, printing, and presentations, and occupancy costs (decreased as a result of expenditure reductions made to conserve capital)
v) Salaries and wages of $113,100. (2008 – $87,558) (increased over prior year due to the fact that a full period of activity occurred in 2009 over 2008)
vi) Part XII.6 tax expense of $11,234 (2008 – $NIL) (the Company raised $889,700 from the sale of flow-through shares in 2008, and renounced the expenditures to the investors using the look-back rule provisions of the Income Tax Act – this resulted in an accrual for anticipated Part X11.6 tax)
vii) Stock-based compensation costs of $37,202 (2008 – $37,202) (recorded upon granting of stock options to employees, directors and officers).

The cumulative deficit from inception of the Corporation is $872,882.

Cash Flows

The Company used cash of $164,806 in operating activities in the six months ended June 30, 2009 versus cash used of $764,387 in the same period in 2008. This decrease in cash used in operating activities was due primarily to the realization of G.S.T. and other receivables during the quarter and a reduction in general and administrative expenditures.

Cash from financing activities was $886,123 in the current period versus $100,000 used in the same period in the prior year. This increase was as a result of a private placement completed during the current period.

Cash used in investing activities was $721,317 an increase from $541,190 in the same period in 2008. The increase was due primarily to the continued use of flow through funds to fund exploration activities between periods.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly information for the eight most recent completed quarters since incorporation.

	Period Ended Jun 30/09	**Period Ended Mar 31/09**	**Period Ended Dec 31/08**	**Period Ended Sept 30/08**	**Period Ended Jun 30/08**	**Period Ended Mar 31/08**	**Period Ended Dec 31/07**	**Period Ended Sept 30/07**
Revenue – Interest Income	**$2**	**$NIL**	**$937**	**$1,574**	**$1,744**	**$5,418**	**$NIL**	**$NIL**
Income (Loss) for the Period	**$280,575**	**$(323,772)**	**$(1,487)**	**$(259,848)**	**$(171,464)**	**$(160,028)**	**$(146,625)**	**$(18,812)**
Income (Loss) Per Share	**$0.01**	**$(0.01)**	**$(0.00)**	**$(0.013)**	**$(0.009)**	**$(0.009)**	**$(0.015)**	**$(0.002)**

SELECTED ANNUAL FINANCIAL INFORMATION

Six Months Ended June 30	2009	December 31, 2008
Revenue (Interest income)	$ 2	$ 5,418
Net loss and comprehensive loss	$ (43,197)	$ (160,028)
Loss per share – basic and diluted	$ (0.001)	$ (0.009)
Total assets	$ 3,447,497	$ 2,853,631
Future income taxes	$ NIL	$ NIL
Dividends	$ NIL	$ NIL

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2009, the Company had $NIL cash and cash equivalents (December 31, 2008 - $NIL) and held cash reserved for flow-through expenditures of $616,776 (December 31, 2008: $176,446). There were no short term investments held at June 30, 2009 (December 31, 2008 - $NIL). G.S.T from the Canada Revenue Agency and other receivables were $75,331 (December 31, 2008 - $206,063) and prepaid expenses were $9,174 (December 31, 2008 - $14,115). Finally, staking security deposits were $1,550 (December 31, 2008 - $85,950).

Accounts payable and accrued liabilities of $161,064 (December 31, 2008 - $215,913) includes period end accruals for expenditures on mineral properties, legal fees, consultants and other amounts.

Working capital at June 30, 2009 is $541,767 (December 31, 2008 - $266,661). During the period ended June 30, 2009, the Company completed a private placement (in five separate tranches) for gross proceeds of approximately $968,650. The Company continues to seek capital for its operations (see Subsequent Event).

At this time the Company does not own or operate any revenue producing mineral properties, and accordingly, does not have cash flow from operations. The Company raises funds for exploration, development and general overhead and other expenses through the issuance of shares from treasury. This method of financing has been the principal source of funding for the Company since inception.

The Company also funds exploration at certain of its other properties through option agreements with other companies who have agreed to fund exploration in exchange for the right to earn an interest in the properties.

In addition to the funds in the Company's treasury, the Company intends to continue raising funds for future exploration and general overhead and other working capital through the continuation of issuances of shares from treasury and through earn-in or option agreements with other mineral exploration and mining companies.

During the period, the Company issued 260,000 common shares valued at $26,600 in non-cash arm's length share transactions pursuant to property option agreements.

The Company applies the fair value method of accounting for stock-based compensation awards to directors, officers, employees and consultants and accordingly $37,202 (2008 - $37,202) is recorded as stock-based compensation expense and under capital stock as contributed surplus for the $37,500 (2008 – $94,153) options vesting to directors, officers, employees and consultants during the year.

The Company's success in funding its project expenditures is dependent upon its ability to raise adequate equity financing. If in the event that future private placement financings cannot be closed, the Company would have to review is budgeted project expenditures and revise where necessary including reviewing property option agreements to determine if continuance in such agreements on their anniversary dates is feasible. Management continues to seek out capital required to undertake its exploration work commitments and for working capital to meet project work commitments.

As at June 30, 2009, the Company is obligated to expend $967,509 on qualified exploration and development expenditures (December 31, 2008 - $792,800), as a result of raising capital through the issuance of flow-through shares. Cash on hand reserved for such expenditures is $616,776 (December 31, 2008 - $176,446). The current economic environment has posed challenges to many junior exploration companies in raising non flow-through shares. The Company is obligated to fund the deficiency through working capital and to do so no later than December 31, 2009 for $443,459 of the obligation with the remaining $524,050 to be spent by December 31, 2010 or else Canada Revenue Agency may disallow the flow-through renouncements previously made relating to the flow-through shares issued in 2008 and in 2009. Management will continue to address this issue.

MINERAL PROPERTIES

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production or written-down if the properties are allowed to lapse, are impaired or are abandoned. The deferred costs associated with each property are as follows:

For the six months ended June 30, 2009	Opening Balance	Expenditures	Recoveries and write-downs	Ending Balance
Dog Paw Gold	697,280	9,327	-	706,607
Wicks Lake and Panama Lake	31,112	15,199	-	46,311
Sheffield Lake	41,557	417	-	41,994
Sops Arm	-	4,414	-	4,414
Tilt Cove	359,184	36,486	-	395,670
Gabbro Lake	99,714	7,708	(3,854)	103,568
Currie Bowman/Tillex	674,626	21,440		696,066
Staghorn	168,436	44,276	-	212,712
Ogden	74,516	181,309	-	255,825
Other Properties	171,183	81,989	(7,480)	245,692
TOTAL	**2,317,628**	**402,565**	**(11,334)**	**2,708,859**

For the year ended December 31, 2008	Opening Balance	Expenditures	Recoveries and write-downs	Ending Balance
Dog Paw Gold	524,538	172,742	-	697,280
Wicks Lake and Panama Lake	-	31,112	-	31,112
Sheffield Lake	36,002	218,036	(212,461)	41,557
Sops Arm	27,864	267,286	(295,150)	-
Tilt Cove	-	359,184	-	359,184
Gabbro Lake	3,178	216,960	(120,424)	99,714
Currie Bowman/Tillex	-	674,626	-	674,626
Staghorn	-	168,436	-	168,436
Other Properties	55,422	367,422	(177,145)	245,699
TOTAL	**647,004**	**2,475,804**	**(805,180)**	**2,317,628**

(a) Dog Paw Lake

The Company has acquired an option on the Dog Paw gold project which is located approximately 40 km east of Kenora, Ontario and consists of 23 claims totaling 269 units. The company has entered into an option agreement with Endurance Gold Corp (an unrelated company). whereby under the First Option, as defined in the agreement, the Company has earned a 70% interest in the property by making share payments totaling 400,000 shares and completing work commitments of $200,000 on the property. During the period, the Company earned in for the Second Option, as defined in the agreement, gaining a further 5% in the property by issuing a 50,000 common shares and spending an additional $250,000 on the property. After the Company has earned a 75% interest, a joint venture will be formed on a 75% (the Company) and 25% (Endurance Gold Corp.) basis.

The share payments shall be issued as follows:

First Option	400,000 common shares (issued March 30, 2007)
Second Option	50,000 common shares (issued June 9, 2008)

The Dog Paw Lake Property lies within the central portion of the east-trending Wabigoon Sub-province and is host to numerous gold occurrences which have seen little exploration. This western part of the Wabigoon greenstone belt is an emerging gold camp with exciting drill intercepts coming from both Houston Lake Mining (Dubenski Showing) and Rainy River Resources (17 Zone, and ODM Zone).

The Company has completed a ground geophysical Induced Polarization (IP) survey, as well as a magnetic survey, to better define the prospective New Dogpaw Showing with assays up to 23.42 g/t gold (Endurance Gold, EDG-TSX.V website). The zone is hosted within a sericite schist with associated pyrite mineralization (up to 15%) within the Pipestone-Cameron Deformation Zone. A follow-up prospecting program will take place in the spring to ground truth geophysical anomalies in close proximity to known gold mineralization as well as follow-up on historic gold occurrences and prospective structures conducive to gold mineralization.

During 2008, the company announced assay results from a prospecting/mapping program on the Dogpaw property. A total of 309 samples were collected with assays ranging from <5 ppb to 90,155 ppb gold. This program resulted in the discovery of 3 new gold showings on the Stephens Lake claim block, with assays up to 18.56 g/t gold within a broad zone of carbonate alteration and associated pyrite mineralization within what is interpreted to be North-South trending structures up to 50m in width. Very little historic work has been performed in the vicinity of the 3 newly discovered gold showings and thus the Company is excited about the potential for additional discoveries in the same area. Within the Stephens Lake claim block, a total of 127 samples were collected, with 40 samples (31.5%) assaying over one gram per tonne gold. It is difficult to determine the widths or exact orientations of the gold bearing structures as the structures are often confined to lowlands or valleys which have pervasive overburden cover. In one of the new discoveries, exposed mineralization is found to be approximately 10m in width on surface with assays ranging from 2.1 g/t Au to 18.56 gpt Au from 5 samples. Several historic occurrences were visited including the Jenson, Bag and New Dogpaw Occurrences, with assays up to 90.155 g/t Au being returned. Future work will include further line cutting, mapping, ground geophysics and possibly trenching in the vicinity of the new gold showings to bring them to the drill stage.

(b) Panama Lake Gold Property and Wicks Lake

The Panama Lake Gold property is located in the southern portion of the Birch-Uchi Lake Greenstone belt in Northwestern Ontario and consists of 2 claims totaling 24 units. The Wicks Lake gold property is located in the Northwestern Ontario approximately 1.5 km south of the Dog Paw Gold property and consists of 1 claim totaling 11 units.

During the period the company announced completion of a first phase of prospecting and mapping that was initiated to determine the lateral extent of the historic Wicks Lake Occurrence. A total of 30 samples were collected across the property with assays ranging from 0.008 g/t to 46.06 g/t gold. The main Wicks Lake Occurrence was traced for over 550 meters of strike length, by Company personnel. Assay results included the previously mentioned high grade assay of 46.06 g/t Au, which was obtained from a carbonatized quartz vein with associated pyrite mineralization. A second quartz vein was located 90m to the south and is sub-parallel to the main Wicks Lake Occurrence. Three samples were collected from this second vein, returning assays ranging from 1.51 g/t to 4.5 g/t gold. This second vein has been traced for a minimum of 180m. A third zone located on the western portion of the property returned assays ranging from 0.359 g/t to 3.267 g/t gold within an intensely carbonatized felsic volcanic with associated pyrite mineralization.

The properties were purchased from Stares Contracting Corp., a non-arms length related party, subject to a 2% NSR royalty. Consideration for the acquisition was $20,000 cash and 150,000 shares.

(c) Ogden Township Property – Goldcorp Option

During 2008 the Company signed an option/joint agreement with Goldcorp Canada Ltd. ("Goldcorp") to jointly explore Goldcorp's mining claims located in Ogden and Deloro Townships, located six km south of Timmins city centre, Ontario. The package consists of 84 patented and unpatented claims totaling approximately 1184 hectares (the "Property") and covers eight kilometers of strike length along the east-west striking, highly prospective, Porcupine-Destor "Break". The Dome Mine complex and five large past producers are located between three and eight kilometers to the east of the Property along the gold trend. Past production of these mines include: the Delnite (920,000 oz), Aunor (2,502,000 oz), Buffalo-Ankerite (957,000 oz), Paymaster (1,192,000 oz), and Preston

(1,539,000 oz). Goldcorp's current operation at the Dome Mine Complex is located 8 km from the Property, and has produced in excess of 16 million oz of gold to date. (Source: Government of Ontario, MNDM, Gold Production in the Timmins Regional Resident Geologist's District to the end of 2006). Recent discoveries in the district include Lake Shore Gold's Timmins West project, located 10 km to the west of the Property, along the same gold trend. This project is the focus of shaft sinking and underground development to access an Indicated Mineral Resource of 1,291,000 oz (Source: News Release, TSX:LSG, Nov. 20,2006).

Within the Property, the Porcupine-Destor Break is represented as a sheared and altered contact between ultramafic and mafic volcanics. A discontinuous Timiskaming-aged conglomerate and a variety of felsic porphyries are found proximal to the Break and carbonate and sericite alteration is widespread. The Property hosts the past producing Naybob Mine, which had historic gold production of 50,731 oz (source: Government of Ontario, MNDM, Gold Production in the Timmins Regional Resident Geologist's District to the end of 2006). Drilling in the past has been wide spaced and shallow with most of the drilling concentrated near the Naybob Mine and a cluster of shallow holes in the Thomas Ogden Zone, located 4 km to the west. Prior to 2000, claim ownership and gold exploration was disjointed and the Property had been comprised of at least six separate packages. Since then, the properties have been combined and a more systematic exploration approach has been made possible. Goldcorp has recently completed several limited drill programs and a number of surveys including: a detailed high resolution magnetic survey, IP surveying, an airborne gravity survey and a variety of geological compilations on the Property. Drilling will be initiated once various gold targets have been prioritized.

The agreement allows for the Company to earn 50% of Goldcorp's interest in the Property by funding total expenditures on the Property of $3,100,000 over four years as follows:

(i) $400,000 in year one, (ii) $700,000 in year two and
(ii) (iii) $1,000,000 in each of years three and four. The Company will also make cash and share payments to Goldcorp as follows: (i) $40,000 cash and $25,000 worth of common shares on signing, (ii) $35,000 cash and $25,000 worth of common shares on the first anniversary,
(iii) (iii) $35,000 cash and $50,000 worth of common shares on the second anniversary, (iv) $100,000 worth of common shares on the third anniversary, and
(iv) $150,000 worth of common shares on the fourth anniversary.

Work expenditures and cash and share payments are compulsory in the first year, but thereafter are at the option of the Corporation. The issuance price of the Corporation's common shares to be issued pursuant to the Agreement shall be calculated based on the volume weighted average of the common shares over the 20 trading days preceding the issuance, subject to a floor of $0.05 per share (in which case the Corporation is obligated to make a cash payment reflecting the difference between the volume weighted average calculation and $0.05 per share) and subject to compliance with the policies of the TSX Venture Exchange. For greater certainty, in no event will shares of the Corporation be issued at a price lower than the discounted market price on the date they are to be issued. The Corporation will issue 128,205 Common Shares at a deemed issuance price of $0.195 per share in order to satisfy the $25,000 worth of common shares required to be delivered upon signing of the Agreement.

Within six months of the Company's vesting at 50% interest in the Property, Goldcorp has the option to buy back a 20% interest from the Company for a cash payment of up to $310,000, expending $4,100,000 on the property within two years, and completing a feasibility study within three years. The Company will be the operator of the Property during the earn-in period and afterwards, provided it holds a 50% or greater interest in the Property. If either party becomes diluted to a 10% interest, that interest will be converted into a 2% Net Smelter Return Royalty.

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During the period ended June 30, 2009, the Company announced the results of data compiled on the Property identifying 3 historic zones of gold mineralization, including the Thomas Ogden Zone, the Naybob South Zone and the Naybob North Zone. Both the Naybob South and Naybob North Zones have seen differing degrees of development and production which includes historic production of 50,731 oz of gold (Source: Government of Ontario, MNDM, Gold Production in the Timmins Regional Resident Geologist's District to the end of 2006).

The Naybob North Zone was the focus of underground development down to 411m, including 11 levels, with the majority of the production occurring within the upper 6 levels. The Naybob South Zone is located approximately 155m to the south and sub-parallel to Naybob North Zone and has seen substantially less development. The Thomas Ogden Zone is located 4 km west of the Naybob mine. Drilling in the past has been wide spaced and shallow with most of the drilling concentrated near the Naybob Mine and a cluster of shallow holes in the Thomas Ogden Zone. Outside of these two areas has seen very little exploration drilling. A linear 4km prospective IP (Induced Polarization) ground geophysical anomaly has been identified over a majority of the 4 km between the two zones and remains relatively untested and adds to the exploration potential for additional resource discovery on the property. Compilation of historical data has highlighted a highly prospective drill target down plunge of the Naybob North mine workings. This target is the continuation of gold mineralization mined within the upper levels of the Naybob Mine. Several holes drilled within or below the lower portion of the mine workings returned significant gold intercepts that have not been followed up on(Source: Archived Nabob Mine Level Plans, MNDM, Timmins Resident Geologist District).

Results include down hole intercepts of:
4.88m of 9.53 g/t Au
4.12m of 12.13 g/t Au
1.37m of 24.00 g/t Au
1.07m of 6.61 g/t Au

These drill intercepts are open down plunge and provide an excellent opportunity for the Corporation to build upon these promising results. Both confirmation and step out holes will be planned once a detailed compilation is completed over the whole property. Additional gold mineralization remains within the upper levels that have not been mined, but it is uncertain as to what quantity remains due to the historic nature of this deposit. Further investigation will take place including shallow drilling from surface testing the upper levels to help better define the grade and continuity of gold mineralization not previously mined.

The Naybob South Zone also provides an excellent exploration target with historic results including down hole intercepts of 5.37m of 6.33 g/t Au and 1.83m of 11.85 g/t Au. The exploration target remains open at depth and to the east with a coincident IP (Induced Polarization) ground geophysical anomaly. Results from the Thomas Ogden Zone also include a down hole intercept of 2.4m of 5.7 g/t Au. Drilling will be initiated once data compilation has been completed and the various gold targets are prioritized.

During the period ended June 30, 2009, the company announced initial assays results from the completed 1977 meter, six hole diamond drill program. The results include 6.61 meters of 9.24 g/t gold, including 0.76 meters of 50.1 g/t gold.

Highlights:

• OG09-012 6.61m down hole intercept (45.24m to 51.85m) of 9.244 g/t Au including 0.76m (45.24m to 46.00m) of 50.132 g/t Au

• OG09-010 1.0m down hole intercept (482.50m to 483.50m) of 7.467 g/t Au. This high grade intercept is a part of a broader zone of mineralization with an 11.94m down hole intercept (473.0m to 484.94m) of 1.253 g/t Au

• OG09-009 4.97m down hole intercept (488.00m to 492.97m) of 1.052 g/t Au

• OG09-014 2.0m down hole intercept (45.00m to 47.00m) of 4.023 g/t Au and a 4.0m down hole intercept (66.0m to 70.0m) of 2.742 g/t Au

• OG09-011 0.80m down hole intercept (459.45m to 460.25m) of 3.949 g/t Au

• OG09-013 4.30m down hole intercept (89.00m to 93.3m) of 0.724 g/t Au and a 3.00m down hole intercept (103.00m to 106.00m) of 0.824 g/t Au

Note: True thicknesses of drill intercepts are approximately 60-80% of down hole intercepts.

The drill program, initially reported July 6, 2009, was designed to test the continuity and down plunge extension of the Naybob deposit as well as near surface mineralization on both the Naybob North and South Zones. Hole OG09-012 was drilled within the Naybob South Zone, within an area of limited drilling, to better define the near surface extent of the previously defined historic drilling. Historic drilling within the Naybob South Zone was carried out over a strike length of 600m and down to a vertical depth of 200m, Drill hole separations average approximately 35m and includes two deeper historic holes on the same section as hole OG09-012. The gold mineralization is hosted in a strongly albitized, brecciated mafic volcanic with associated arsenopyrite and pyrite. Visible gold was noted within the upper portion of this intercept. Holes OG09-009, 010, 011, 013 and 014 were drilled within the Naybob North Zone with holes 013 and 014 testing near surface mineralization.

Future exploration will continue to test known mineralization of the Naybob North and Naybob South Zones as well the Thomas Ogden Zone located four kilometers to the west of the Naybob mine and six kilometers east of West Timmins Mining and Lakeshore Gold's Thunder Creek Project. Exploration will also continue on Porphyry hill, one kilometer west of Naybob, to better define the extent of the mineralization discovered during prospecting.

(d) Sheffield Lake/Sops Arm

The Company has established a significant land package to explore for volcanic- hosted uranium deposits in north-central Newfoundland. Three separate claim blocks have been staked totaling 1,577 claims, owned 100% by the company. The properties cover 394 square kilometers of highly prospective radio-active volcanic rocks previously unexplored for Uranium.

The Company recently signed an agreement with Uranium City Resources Inc. ("UCR") whereby Uranium City can earn a 50% interest in the project by funding the next $1.4 million of exploration expenditures ($400,000 firm in the first year). An airborne radiometric and magnetic survey has now been completed over the Sheffield Lake/Sops Arm area. Preliminary results from the Sops Arm portion of the airborne survey have been received and over 50 priority Uranium targets have been identified. Ground follow-up prospecting and sampling has commenced on these targets. The Company will be the operator on this project. During the period, the Company recovered $202,476 from Uranium City representing costs incurred on the above property, under this agreement.

The Sop's Arm, Sheffield Lake and Sheffield North projects cover Silurian aged, sub-aerial felsic volcanic units and related younger intrusive rocks. Previous exploration was limited to grassroots programs aimed at gold mineralization, however, uranium was never a sought after commodity.

Since the Company acquired this package, Bayswater Uranium Corporation and Altius Resources alone have staked in excess of 12,100 claims covering 3049 square kilometers. This staking rush has been driven by significant discoveries of uranium showings hosted in rhyolites associated with a collapsed caldera complex. This geological setting is analogous to the systems associated with the Streltsovka caldera complex in Russia and the McDermitt caldera in Nevada.

Recent results from Bayswater's Whisker Valley claims, bordering to the north east of the Sheffield North claims, include values ranging 0.1% to 0.89% U_3O_8 (Bayswater PR, December 5, 2007) from the Amanda Zone.

During the current year, UCR elected not to participate in the second option of the joint venture agreement and as a result, the property reverted back to the Company 100%. The Company presently has no exploration plans for the property in the upcoming fiscal year.

(e) Gabbro Lake

The Gabbro Lake project consists of 313 claims located approximately 120 km Northeast of Labrador City, Labrador.

During the previous year, the Company entered into a formal joint venture agreement with Golden Dory Resources on the Gabbro Lake Project. Under the terms of the agreement the Company's 313 claim units and Golden Dory's 85 claim units will be combined into one contiguous block and a joint venture formed to explore the property on a 50:50 basis. The Company will be the operator.
During the period ended June 30, 2009, the Company announced that it had initiated an airborne radiometric, magnetic and EM survey on the Gabbro Lake Uranium property in the Sims Basin area of Western Labrador. The

Sims Ridge Property area has been described by the Newfoundland and Labrador Department of Natural Resources as geologically analogous to the Athabasca Basin and therefore possibly prospective for unconformity type uranium deposits. The property is underlain by a sequence of Proterozoic sediments, the Sims Formation, which is comprised of conglomerate, arkose and quartzite, which overlies deformed metasedimentary rocks of the Paleoproterozoic Labrador Trough. Limited work in the early 1980s by Labrador Exploration and Mining identified a boulder train of radioactive float assaying up to 0.18 % U3O8 (historical in nature and not verified by Metals Creek). The source of the mineralized float has not been determined. The project is being funded 50% by Golden Dory Resources and 50% by Metals Creek Resources who are the project operator.

(f) Tilt Cove

During the previous year, the Company acquired by staking and option agreement a land package totaling 56 claim units, in four separate blocks, covering portions of the Betts Cove Ophiolite Suite on the Baie Verte Peninsula, Newfoundland. Three of the blocks were recently staked by the Company, while rights to the fourth were obtained through the execution of an option agreement with a local arm's length prospector (the "Option Agreement"). Pursuant to the Option Agreement, the Company has the option to earn a 100% interest in the claims forming the fourth block by making staged cash payments totaling $67,500 and issuing 220,000 shares to the optionor over three years. On production, the optioned claim block is subject to a 2% net smelter return in favor of the optionor, subject in turn to a 1% buyback right for the Company at the cost of $1.25 million. The optioned block includes the past producing Tilt Cove Mine which had historic production of 8 million tonnes of copper ore with minor gold and nickel production from 1864 to 1917 and again from 1957 to 1967 (source: Government of Newfoundland and Labrador, Mineral Occurrence Data system, File 002E/13/Cu001). Existing resources of copper and gold are reported from the claims however these reports are not compliant with National Instrument 43-101 "Standards for Disclosure of Mineral Projects", have not been verified, and will be the focus of the company's initial evaluation program.

During the previous year, surface sampling on the Tilt Cove Property has returned high grade gold (up to 69.39 g/t) and copper (up to 10.4%) assays from surface grab samples obtained during a recent prospecting program. This program was initiated to evaluate known mineralized areas in and around the past-producing Tilt Cove Mine site and test prospective areas for new mineralization. Historically the property has seen exploration targeting base metal mineralization with little or no assaying for gold. These gold assays indicate that there is strong potential to host gold mineralization throughout the Tilt cove property.

During the previous year, a share option payment of 40,000 common shares of the Company were issued to the optioner pursuant to the signed option agreement.

During the previous year, the Company announced that it has entered into an option agreement (the "Agreement") with Paragon Minerals Corporation ("Paragon") to earn a 60% interest in a group of 63 claim units (the "Property") spread over 1575 hectares in the Long Pond area on the Baie Verte Peninsula of Newfoundland. The Property is situated between two historic copper producers at Betts Cove and Tilt Cove (both of which were recently acquired by the Corporation), and hosts several gold and copper occurrences located along both the Tilt Cove-Betts Cove Copper-Gold Horizon and extensions of the Nugget Pond Gold Mine Horizon. The Property will add significantly to the Corporation's interests in the Tilt Cove area. Historic work on the Property includes detailed soil and till geochemistry surveys and most of the known bedrock showings can be correlated with anomalies generated from these geochemistry surveys. A prospecting program was recently carried out by the Corporation on the Property and results have confirmed the high grade nature of the known showings located along a 3.5 km strike length of the Betts Cove-Tilt Cove Horizon with assays up to 315.1 g/t Au at the George Showing. The following is a summary of the results from the recent sampling of the higher grade showings:

- George Showing - five grab samples taken ranging from 5 ppb to 315.1 g/t Au (nil to 9.20 oz/t Au). No previous drilling.
- Long Pond Showing - nine grab samples taken ranging from 560 ppb to 71.4 g/t Au (nil to 2.09 oz/t Au). Results from previous drilling by Inco in 1988 included 21.5 g/t Au over 1.19 m.
- Nudulama Shaft Zone - seventeen grab samples taken ranging between 5 ppb and 4.5 g/t Au. (nil to 0.13 oz/t Au, which also assayed 8.7% Cu). Historic work included drilling in 1955 and an underground program of uncertain age.

An airborne geophysical survey (Geotech's VTEM Survey) has also been carried out over the Property as part of a larger survey covering most of the Corporation's Tilt Cove properties. The results from this airborne survey will be used for targeting exploration programs on both gold and base metal mineralization.

Terms of the Agreement include incurring exploration expenditures of $500,000 over 4 years, including a $50,000 firm commitment in the first year, and issuing 300,000 common shares to Paragon over three years, including 50,000 common shares within 5 business days of signing the Agreement. Having made these payments and share issuances, the Corporation will earn a 60% interest in the Property and it the parties will enter into a joint venture agreement. The Property is subject to an underlying 0.5% NSR payable to Alexander Stares (the current President, Chief Executive Officer and a Director of the Corporation) and James Crocker (currently a prospecting consultant with the Corporation) that can be purchased at any time for $500,000 by Paragon. Mr. Stares and Crocker originally staked the Property while working as employees of the predecessor entity of Paragon, and as part of an arrangement with that entity retained the NSR on the Property.

(g) Staghorn

During the previous year, the Company entered into an option agreement with local prospectors to earn a 100% interest in a group of 76 claim units spread over 1216 hectares in the Wood Lake area in west central Newfoundland. The Staghorn Gold Property covers a number of gold showings including the South Wood Lake Porphyry Zone. This showing was initially found by the prospectors in 2002 as the result of gold panning and geochemistry which resulted in subsequent trenching and a limited diamond drill program. This work defined the porphyry as an approximately 20 meter to 50 plus meter wide altered "dyke", highly anomalous in gold and open in all directions. Two drill holes, 50 meters apart were drilled into the dyke and produced composite values of 1.47 g/t Au over 22.5 meters and 0.23 g/t Au over 52.9 meters (source: 2004/05 Assessment Report on The Staghorn Property for Candente Corp., December 2005 and (Source: NR, TSX:V - DNT, May 30, 2005). No further exploration has since been carried out. A review by the Company's management of the earlier ground geophysics carried out in 2004 has defined a magnetic low which is associated with the altered porphyry. This magnetic low anomaly can be traced over a 500 meter strike length and has only been tested by the two previously mentioned drill holes and the original trenching. Company management has initiated a program of linecutting, geological mapping, ground geophysics, and soil sampling this summer. Once all the data has been compiled and priority targets have been generated, a diamond drill program will be initiated.

Terms of the option agreement include making a series of staged option payments totaling $95,000 and issuing 250,000 shares to the vendors over three years. The vendors will retain a 2% Net Smelter Royalty, 50% of which can be purchased for $1,000,000.

Results from the property wide prospecting program include gold assays up to 213.8 g/t from angular quartz vein float containing pyrite and arsenopyrite mineralization. The float is located 7 km to the southwest of the porphyry zone and is a good indication of additional gold potential on the claim group. A total of 63 samples were collected with assays ranging from 5 ppb (parts per billion) to 213,800 ppb (parts per billion). As part of the Corporation's quality control protocol, the high grade sample was re-assayed using the coarse reject from the original sample. This sample re-assayed at 197.7 g/t (grams per tonne). The current prospecting program is following up on regional lake sediment arsenic anomalies serving as path finders for gold mineralization. A second phase of prospecting has been initiated to determine the source of the mineralized high grade float. Results will be made available as they are received and compiled. Work has also been initiated on the Porphyry Zone. Line cutting of a 15 km grid is complete and soil sampling and geophysical surveying will commence shortly.

During the period ended June 30, 2009, the Company announced the identification of a bulk tonnage gold target on its Staghorn gold property. The Corporation has recently completed a soil geochemical and ground magnetic survey over several prospective gold showings including the South Wood Lake Porphyry Zone. Gold is associated with a highly altered (silicified, albitized and sericitized) felsic intrusive, which is overprinted by a quartz stockwork system and pervasive arsenopyrite and pyrite mineralization. Work by a previous operator included two drill holes, which defined the "porphyry" as an approximately 20 to 50 meter wide altered "dyke", highly anomalous in gold and open in all directions. The initial hole collared in mineralization and assayed 0.23 g/t Au over 52.9 meters. The second hole located 50 meters along strike to the east resulted in an intersection of 1.47 g/t Au over 22.5 meters (source: 2004/05 Assessment Report on The Staghorn Property for Candente Corp., December 2005). The recently completed ground geophysics survey has defined the altered gold bearing porphyry as a magnetic low which can be traced over 1000 meters of strike length. Analytical results, from the soil geochemistry survey, outlines a strong gold and arsenic anomaly, coincident with and down slope from the magnetic low. A 1500 meter drill program is recommended to follow up on the South Woods Lake Gold Zone and to evaluate its bulk tonnage gold potential.

(h) Currie/Bowman Property/Tillex

During the previous year, the Company announced that it entered into an option agreement on March 6th, 2008 with Kinross Gold Corporation ("Kinross") on the Currie Bowman Property, located 54 kilometers east of Timmins, Ontario, whereby Metals Creek can acquire 100% of the 60% participating interest currently held by Kinross: the remaining 40% interest is held by Selkirk Metals Holdings Corp.. The option requires expenditures totaling $250,000 over 2 years, with the first $100,000 to be expended during the first year of the agreement and staged share payments totaling 750,000 shares of which 100,000 were due on signing. Kinross retains a 1% NSR, 50% (or 0.5%) of which can be purchased by Metals Creek for $500,000.

The property consists of 134 units in 30 claims located along an altered felsic fragmental horizon. The horizon hosts the Grindstone Creek Occurrence, a Au-Zn sulfide occurrence with a best intersection of 2.08 g/t Au over 18.9 meters including 3.95 g/t Au, 132 g/t Ag and 3% Zn over 2.1 meters(Source: MNDM Assessment files, file# 42A07NE2015). The altered rhyolite can be traced for 4 km on the claims, and a recently completed gravity survey has outlined a number of other targets. A 1000 meter drill program is planned for late fall/ early winter and will be focused on extending the Grindstone Creek mineralization and testing coincident EM and gravity anomalies.
The Currie Bowman property in contiguous to Metals Creek's Tillex Porperty copper deposit and is underlain by the same stratigraphy that hosts the Cu-Zn-Ag-Au mineralization of the Cross Lake Zone on the Selkirk Metals Sheraton Timmins Property 15 kilometers to the southwest.

The Tillex property is located in the Currie Township, 65 km east of Timmins, Ontario. The Tillex copper deposit was originally discovered in 1973 by Westmin Resources Ltd.. At the time, 17 drill holes were completed and the claims were taken to lease. A near-surface mineral resource of 1,338,000 tonnes grading 1.56% Cu was calculated in 1990 for the deposit (Pacifica Resources Ltd., 2005-6 Canadian Mines Handbook, page 318) however management notes that this calculation does not meet the standards as outlined in National Instrument 43-101, "Standards of Disclosure for Mineral Projects", has not been independently validated or verified by the Corporation, and should not be relied upon. Since acquiring the Tillex property, the available data has been compiled and an EM and magnetic survey was completed on a recently established grid. The mineralization targeted by the Corporation's drilling can be described as chalcopyrite and minor bornite within a mixed sequence of andesite, graphitic argillite, dacitic tuff and feldspar porphyry. Of particular note is that the Tillex mineralization is near surface and within 45 km of Xstrata Canada Corporation's Kidd Creek metallurgical site. The Currie Township land package controlled by the Corporation now totals 152 contiguous patented and unpatented claim units covering 2400 hectares along the volcanic horizon which hosts the deposit.

During the period ended June 30, 2009, the Company announced that assays were returned from a recent diamond drilling program on the Tillex copper deposit. The assays include high grade copper assays, including 2.58% Cu over 37.05m, from the recently completed 2 hole 276 meter drill program

This confirmation drill program previously was designed to replicate two previously drilled holes to increase the company's confidence in the historic non 43-101 resource as well as providing additional information for the purposes of geological modeling. Both holes were drilled at an azimuth of 315 deg. with hole TX08-001 drilled at an inclination of -51 deg. and hole TX08-002 drilled at an inclination of -71deg. True widths are believed to be approximately 50-60% of the down hole intercepts. Due to the blocky nature of the core in hole TX08-001, poor core recoveries were attained. Drill procedures were changed for hole TX08-002 with significantly better core recoveries and results.

During 2008, the Company undertook a 2,000 meter follow up drill program on the property as well as drilling to test numerous conductive responses from the recently completed HLEM ground geophysical survey. The Company announced high grade copper assays, including 1.834% Cu over 81.13m.

Highlights:

- TX08-003 22.87m down hole intercept (50.63m to 73.50m) of 1.05 % Cu including 8.3m (54.00m to
- 62.30m) of 2.36% Cu.
- TX08-004 81.13m down hole intercept (42.00m to 123.13m) of 1.83% Cu including 27.00m (53.00 to

- 80.00m) of 2.73% Cu.
- TX08-015 14m down hole intercept (100.00m to 114.00m) of 1.11% Cu.
- TX08-005 71.49m down hole intercept (51.51m to 123.00m) of 1.29 % Cu
- including 34.29m (73.66m to 107.95m) of 2.16% Cu;
- TX08-006 21.0m down hole intercept (64.00m to 85.00m) of 1.06% Cu;
- TX08-007 14.37m down hole intercept (110.43m to 124.80m) of 0.87% Cu
- including 6.87m (110.43m to 117.30m) of 1.27% Cu;
- TX08-008 42m down hole intercept (48.00m to 90.00m) of 1.40% Cu including 23m (48.00m to 71.00m) of 2.14% Cu;
- TX08-009 3m down hole intercept (96.00m to 99.00m) of 0.60% Zn and a 2m down hole intercept (99.00m to 101.00m) of 1.00% Pb;
- TX08-010 21.60m down hole intercept (46.70m to 68.30m) of 0.83% Cu;
- TX08-011 15.64m down hole intercept (96.56m to 112.20m) of 0.83% Cu including 7.00m (101.00m to 108.00m) of 1.15% Cu;
- • TX08-012 17.00m down hole intercept (49.70m to 66.70m) of 0.51% Cu;
- • TX08-013 6.40m down hole intercept (112.60m to 119.00m) of 1.09% Cu;
- • TX08-014 0.77m down hole intercept (98.94 to 99.71m) of 0.30% Cu, 2.11% Pb and 0.538% Zn.

This drill program was designed to further delineate known copper mineralization within the property as well as following up on holes TX08-001 and 002 Two of the holes which tested new targets, returned anomalous base metal values with hole TX08-018 returning 0.44% Copper over 4 meters and hole TX08-019 returning 0.44% Lead and 0.42% Zn over 5 meters. Hole TX-08-017 returned no significant results. Management believes with the discovery of new base metal mineralization outside of the area of historic drilling, the potential for the discovery of additional mineralization is promising. Mineralization is described as chalcopyrite with local sphalerite and galena within a mixed sequence of andesite, graphitic argillite, dacitic tuff and feldspar porphyry.

(i) Other Properties

Included in Other Properties (both Ontario and Newfoundland) are the Mundiregina Property; Newfoundland Dog Pond Property; Bolton Bay Property; Junction Property; Betts Cove; Long Pond; Black Ridge; Donnes Brook; SW Voisey's; Chrome Hill; Nipper's Harbour; Mary March; and Genex. During 2009, the Company issued 260,000 common shares pursuant to agreements for Betts Cove, Currie Bowman and Tilt Cove. During 2008, the Company wrote-down the carrying cost of the Genex, Mundiregina, Creelman and Black Ridge properties as a result of no further work being planned.

These projects are in early stage development and will be evaluated by management for further exploration in upcoming periods.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

The transactions entered into by the Company and related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The option on the Wicks Lake and Panama Lake mineral properties referred to in note 6(b) of the interim financinal statements was acquired by the Company from Stares Contracting Corp. Michael Stares is the President of Stares Contracting Corp. and a director of the Company. Under the terms of the agreement, Stares Contracting Corp. received $20,000 and 150,000 common shares in the Company plus a royalty. The transactions were recorded at the carrying amount.

During the period, the Company sold its interest in the Cheeseman Lake property claims to Benton Resources Corp. ("Benton") (a related party as a result of the common directorship of Michael Stares) for net proceeds of $22,520.

The Company previously had a joint venture agreement with Benton on the property and now will hold a1% NSR on the project.

The Company paid or accrued the following amounts to related parties during the period ended June 30, 2009 and 2008:

Payee	Description of Relationship	Nature of Transaction	2009 Amount ($) (Unaudited)	2008 Amount ($) (Unaudited)
Stares Prospecting Ltd.	Company controlled by Alexander Stares, Director and Officer	Payments for equipment rentals, supply of labour and reimbursement of expenses capitalized in deferred development expenditures	42,049	205,134
Stares Contracting Corp.	Company controlled by Michael Stares, Director	Payments property claims and exploration activities capitalized in deferred development expenditures	-	48,181
Eastrock Exploration/ Wayne Reid	Company controlled by Wayne Reid, Director and Officer	Payments for geological consulting services, and reimbursement of expenses capitalized in deferred development expenditures	61,306	73,016
Nick Tsimidis	Director and Officer	Payments for consulting fees and reimbursement of expenses	26,250	42,797

Included in accounts payable and accrued liabilities at June 30, 2009 is:

- $523 payable to Stares Prospecting Ltd., (2008: $32,689) ;
- $14,546 payable to Eastrock Exploration and Wayne Reid (2008: $12,461)

CHANGES IN ACCOUNTING POLICY INCLUDING INITIAL ADOPTION

Financial Statements

The company has adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial statements.

Financial Instruments – recognition and measurement (CICA Handbook Section 3855)

These standards set out criteria for the recognition and measurement of financial instruments for fiscal years on or after October 1, 2006. This standard required all financial instruments within its scope, including derivatives, to be included on a company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be consideration the most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and deficit.

All financial assets and liabilities are recognized when the company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect.

All financial instruments are classified into one of the following five categories; held for trading, held-to-maturity, loans and receivable, available-for-sale financial assets or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depend on their initial classification.

Held for trading financial instruments are measured at fair value. All gains and losses are included in net loss in the period in which they arise.

Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net loss.

Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in comprehensive income until the asset is removed from the balance sheet.

All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in the net loss in the period in which they arise.

Hedging (CICA Handbook Section 3865)

This new standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The company currently does not have any hedges.

***Comprehensive Income (CICA Handbook Section 1530*)**

Comprehensive income is the change in shareholders' equity during the period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net loss to be presented in other "comprehensive income" until it is considered appropriate to recognize into net loss. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements. The company currently does not have any comprehensive income.

Financial Instruments – Disclosures (CICA Handbook Section 3862)

The CICA has issued this new handbook section which will affect disclosures in the Company's financial statements beginning on July 1, 2008. The new standards describe the required disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and of the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. The new standards increase disclosures in future financial statements. See note 10 for disclosures related to this new standard.

Capital Disclosures (CICA Handbook Section 1535)

CICA Handbook section 1535 requires disclosures of an entity's objectives, policies and process for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complies, the consequences of such non-compliance. The Company has included disclosures recommended by this new CICA Handbook section in note 9 of the interim consolidated financial statements for the period ended June 30, 2008.

International Financial Reporting Standards (IFRS)

In 2006, the 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 accountable enterprises to use IFRS, replacing Canada's own-GAAP. The transition date is for interim and 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 the Company for the year ended December 31, 2010, and restatement of the opening balance sheet as at January 1, 2010. The Company is developing an IFRS conversion plan and has completed a preliminary assessment which prioritizes how each IFRS standard will impact the financial statements. The Company anticipates there will be changes in accounting policies and these changes may materially impact the financial statements but the impact cannot be reasonably estimated at this time.

In February 2008, the CICA issued new Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". Section 3064 addresses when an internally developed intangible asset meets the criteria for recognition as an asset. The Section also issued amendments to Section 1000, "Financial Statement Concepts". These changes are effective for fiscal years beginning on or after October 1, 2008, with earlier adoption permitted, and will be adopted by the Company effective January 1, 2009. The objectives of the changes are to reinforce a principles-based approach to the recognition of costs as assets and to clarify the application of the concept of matching revenues and expenses in Section 1000. Collectively, these changes bring Canadian practice closer to International Financial Reporting Standards and U.S. GAAP by eliminating the practice of recognizing as assets a variety of startup, preproduction and similar costs that do not meet the definition and recognition criteria of an asset. The Company has determined that adoption of the new standards will not have a significant effect on the Company's financial statements.

Section 1582 - Business Combinations

In January 2009, the ACSB issued section 1582, Business Combinations which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. This statement applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011, with earlier adoption permitted. The Company is in the process of assessing the impact of this new section on its financial statements, but does not anticipate material changes to arise on the adoption of this standard.

Section 1601 Consolidated Financial Statements and Non-controlling Interests

In January 2009, the ACSB issued sections 1601, consolidated Financial Statements, and 1602, Non-controlling Interests, which replaces existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective for the first annual reporting beginning on or after January 1, 2011 with earlier adoption permitted. The Company is in the process of assessing the impact of this new section on its financial statements, but does not anticipate material changes to arise on the adoption of this standard.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Cash and cash equivalents, short term investments, accrued interest receivable, G.S.T. receivable and accounts payable and accrued liabilities are carried at cost which approximates fair value due to the short-term maturity of these instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

OTHER MD&A REQUIREMENTS

Additional disclosure for Venture Issuers Without Significant Revenues:

As of June 30, 2009, there has been $2,708,859 incurred and capitalized as mineral properties and deferred exploration expenditures since inception of the Company.

Outstanding Share Data and Convertible Securities as at August 26, 2009

Class and Series of Securities	Number Outstanding	Expiry Date of Convertible Securities	Relevant Terms
Common Shares (outstanding as of August 26, 2009)	36,598,642		
Incentive Stock Options	689,500	September 16, 2009	$0.15
Incentive Stock Options	910,000	April 29, 2011	$0.25
Incentive Stock Options	200,000	June 4, 2011	$0.35
Incentive Stock Options	1,480,000	August 17, 2014	$0,15
Share purchase warrants	1,855,250	December 2009	$1.25
Share purchase warrants	2,257,083	March 2010	$0.25
Share purchase warrants	3,125,000	April 2010	$0.25
Share purchase warrants	3,051,250	October 2010	$0.15
Share purchase warrants	1,876,909	October 2010	$0.20
Share purchase warrants	1,712,500	November 2010	$0.15

Share purchase warrants	505,000	November 2010	$0.20
Share purchase warrants	793,750	December 2010	$0.15
Broker warrants	120,000	December 2009	$1.00
Broker warrants	194,800	March 2010	$0.18
Broker warrants	312,500	April 2010	$0.16
Broker warrants	647,557	October/December 2010	$0.10/011
Total common shares issuable upon exercise	56,329,741		

The Corporation is authorized to issue an unlimited number of voting shares and an unlimited number of preferred shares issuable in series.

During 2009, the Company granted 1,480,000 stock options to directors, officers, employees and consultants, with an exercise price of $0.15 and expire 5 years from grant.

DIVIDEND POLICY

No dividends have been paid on any shares of the Corporation since the date of its incorporation, and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

LEGAL PROCEEDINGS

To the knowledge of the Corporation, there are no actual or pending legal proceedings to which the Corporation is or is likely to be a party or of which any of its assets are likely to be subject.

INDEBTEDNESS OF DIRECTORS, OFFICERS, PROMOTERS AND OTHERS

No director, officer, or promoter or other member of management of the Corporation, or any Associate or Affiliate of any such person, is or has been indebted to the Corporation.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation, with a view to potential acquisition of interests in businesses and corporations on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the Business Corporations Act (Ontario).

RISK FACTORS

Risks associated with exploration and mining operations

The exploration and development of mineral properties involves a high degree of risk which cannot be avoided despite the experience, knowledge and careful evaluation of prospective properties by management. There can be no assurance commercial quantities of ore will be discovered on the Corporation’s mineral properties. Even if such commercial quantities are subsequently discovered by the Corporation’s exploration efforts, there can be no assurance such properties can be brought in to commercial production.

Operations may be subject to disruption due to weather conditions, labour unrest or other causes beyond the control of the Corporation. Hazards such as unexpected formations, pressures, flooding, or other conditions over which the Corporation does not have control may be encountered and may adversely affect the Corporation’s operations and financial results.

Environmental Risks

Environmental legislation is continuing to evolve such as will require strict standards and enforcement, increased fines and penalties for non-compliance, more stringent assessment of proposed projects and a greater degree of corporate responsibility. There can be no assurance that future changes to environmental legislation may not adversely affect the Corporation's operations.

Mineral Market

The market for minerals is subject to factors beyond the Corporation's control, such as market price fluctuation, currency fluctuation and government regulation. The effect of such factors cannot be accurately calculated. The existence of any or all such factors may restrict the access to a market, if same exists, for the sale of commercial ore which may be discovered.

Funding Requirements

In order to move forward with its exploration and development activities, the Corporation will likely require additional funding. There can be no guarantee that such funds will be available as and when required or, if available, be accessible on reasonable commercial terms.

Reliance on Management

The Corporation anticipates that it will be heavily reliant upon the experience and expertise of management with respect o the further development of the mineral properties. The loss of any one of their services or their inability to devote the time required to effectively manage the affairs of the Corporation could materially adversely affect the Corporation.

AUDITORS, TRANSFER AGENTS AND INVESTOR RELATIONS

The auditors of the Corporation are Wasserman Ramsay, Chartered Accountants of Markham, Ontario.

The Transfer Agent and Registrar for the Common Shares of the Corporation is Equity Transfer Services Inc. of Toronto, Ontario.

Investor Relations services are provided by The Windward Agency, and is based in Charlotte North Carolina as well as First Canadian Capital Corp, based in Toronto Ontario.

COMMITMENTS AND CONTINGENCIES

Except as otherwise discussed, the Company is in compliance with commitments required by contractual obligations in the normal course of business**.**

The Company raised gross proceeds of $524,050 in 2008 (2008: $889,700) as a result of the issuance of flow-through shares. Under this arrangement, common shares are issued which transfer the tax deductibility of mineral property exploration expenditures to investors. Proceeds received on the issuance of these shares have been credit to capital stock and the related exploration costs will be charged to mineral properties and deferred exploration costs in the year in which they are incurred. Proceeds received from the issuance of flow-through are restricted to be used only for allowable Canadian resource property exploration expenditures within a two year period.

The Company intends to have incurred the required expenditures by December 31, 2010 for the flow-through funds raised in 2009.

SUBSEQUENT EVENT

Subsequent to the period ended June 30, 2009, the Company announced a private placement offering (the "Offering") for up to $3 million consisting of up to 11,765,000 flow through common shares at a price of $0.17 per common share and up to 6,667,000 units at a price of $0.15 per unit, each unit consisting of one common share and one common share purchase warrant, each warrant entitling the holder to acquire an additional common share for $0.30 for a period of 24 months following the closing of the Offering.

Dundee Securities Corporation ("Dundee") will act as sole agent and has agreed to act on a best efforts agency basis with respect to the Offering. The Company has granted Dundee an option, exercisable at any time until the second business day before the closing of the Offering, to purchase an additional 1,764,750 flow through shares and an additional 1,000,050 units at their respective issuance prices, for additional proceeds of up to $450, 015.

Pursuant to the Offering, Dundee will be paid a cash commission equal to 6% of the gross proceeds raised and broker warrants totaling 6% of the securities issued in the offering, each broker warrant entitling Dundee to purchase a common share of the Company for $0.30 for a period of 24 months following the closing of the Offering.

FORWARD LOOKING STATEMENTS

This management discussion and analysis contains certain forward-looking statements relating but not limited to the Corporation's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results.

Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Corporation undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.