

PLATORO WEST HOLDINGS INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the period ended August 31, 2009

Directors and Officers as at October 29, 2009

Directors:

Daniel Farrell
William Sheriff
Edward Devenyns
John Legg
John Cullen

Officers:

Chief Executive Officer – Daniel Farrell
President – Edward Devenyns
Chief Financial Officer & Corporate Secretary – Gary Arca

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PLATORO WEST HOLDINGS INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the period ended August 31, 2009

1.1 Date of This Report

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the audited consolidated financial statements of Platoro West Holdings Inc. (“Platoro”, or the “Company”) for the period ended August 31, 2009. All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

This MD&A is prepared as of October 29, 2009.

This MD&A includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Overall Performance

Description of Business

The Company was incorporated pursuant to the British Columbia Business Corporations Act on May 16, 2006 and commenced operations on June 1, 2006. The Company has one active subsidiary, PWH Nevada Inc., which was incorporated on July 30, 2007, in Nevada to carry out U.S. operations, and 1794298 Ontario Inc. which was incorporated to effect the transaction with Zacoro Metals Corp. (“Zacoro”) (see section 1.4.3). The Company’s common shares are listed for trading on the Canadian National Stock Exchange (“CNSX”) under the symbol “PWH”.

The Company is engaged in the business of mineral exploration in the western United States. The Company’s objective is to locate and develop economic precious and base metal properties of merit. The Company’s material property is the option to acquire 100% of the Wildhorse Property in Pershing County, Nevada. In addition to the Wildhorse Property, the Company also has a right of first refusal to acquire up to 172 claims in various counties in the State of Nevada. The Company has paid for the filing and recording fees of 52 claims in the White Mountains of eastern Esmeralda County, Nevada. These claims are all exploration phase projects acquired for their potential to yield high grade mineralizations within the volcanic hosted low sulfidation gold/silver vein system in the Walker Lane structural trend.

On May 28, 2009 and amended on July 7, 2009, the Company entered into a subscription and distribution agreement with Copper Ridge Explorations Inc. (“Copper Ridge”) see Section 1.4.1.

1.3 Selected Annual Information

The Company was incorporated on May 16, 2006 and commenced operations on June 1, 2006. The highlights of financial data for the Company for the periods ended May 31, 2009 and 2008 are as follows:

	May 31, 2009	May 31, 2008
(a) Net sales	Nil	Nil
(b) Loss before foreign exchange and investment income	(363,748)	(215,530)
(c) Net loss	(511,350)	(208,608)
(d) Loss per share – basic and diluted	(0.03)	(0.03)
(e) Total assets	3,935,139	1,214,799
(f) Total long-term liabilities	Nil	Nil
(g) Cash dividends declared per-share	Nil	Nil

1.4 Results of Operations

Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the August 31, 2009 financial statements of the Company and notes attached hereto.

1.4.1 Copper Ridge Agreement

On May 28, 2009 the Company entered into a subscription and distribution agreement with Copper Ridge Explorations Inc. (“Copper Ridge”) (as amended July 7, 2009) pursuant to which the Company subscribed for 100,000,000 common shares of Copper Ridge at a price of \$0.03 per common share on a non-brokered basis, for a total cost of \$3,000,000. The financing closed on September 3, 2009.

Following the closing of the financing, Copper Ridge received shareholder approval to consolidate the Copper Ridge shares on the basis of one new common share for 15 old common shares. Once the consolidation is completed, the Company intends to distribute the Copper Ridge shares to its shareholders by way of a return of capital.

Pursuant to the financing of the Company appointed three directors to the board of Copper Ridge.

1.4.2 Property Activity

Resource Property – Wildhorse Property

Pursuant to a mineral property option agreement (“Option Agreement”) dated September 1, 2006 and as amended on August 10, 2007, Sept 17, 2008, and June 1, 2009, with a director of the Company, the Company may acquire a 100% undivided interest, subject to a 3% net smelter royalty (“NSR”), in 68 mining claims located in Pershing County, State of Nevada, United States of America (“Wildhorse Property”). Consideration for the acquisition is reimbursement of the optionor’s costs associated with the acquisition of the property, cash payments totaling an aggregate amount of US\$970,000, issuance of 450,000 common shares of the Company and exploration expenditures of US\$1,000,000 on the property as follows:

- pay US\$10,000 (paid) upon signing of the agreement and issue 50,000 common shares forthwith after June 13, 2008, the effective date (issued);
- issue 50,000 common shares on or before June 13, 2009 (issued);
- pay US\$45,000, issue 150,000 common shares and incur US\$150,000 in exploration expenditures on or before June 13, 2010;
- pay US\$75,000, issue 200,000 common shares and incur US\$200,000 in exploration expenditures on or before June 13, 2011;
- pay US\$80,000 and incur US\$200,000 in exploration expenditures on or before June 13, 2012;
- pay US\$100,000 and incur US\$200,000 in exploration expenditures on or before Jun 13, 2013;
- pay US\$120,000, and incur US\$250,000 in exploration expenditures on or before June 13, 2014;
- pay US\$140,000 on or before June 13, 2015; and
- pay US\$400,000 on or before June 13, 2016.

Pursuant to the agreement the Company may purchase up to one half of the NSR for US\$2,000,000 for each 1% of the royalty purchased (total of \$3,000,000 for the entire 1.5%). During the term of the Wildhorse option agreement, the Company is responsible for maintaining the claims in good standing, including paying required taxes, fees and rentals, and completing necessary assessment work.

During the year ended May 31, 2009, the Company posted a reclamation bond of \$11,441.

During the year ended May 31, 2008, the Company staked an additional 32 claims.

On August 29, 2007, the Company entered into a Purchase and Sale Agreement with Nevada Lands & Resource Company, whereby the Company acquired 160 acres of land in Pershing County, Nevada, for a purchase price of US\$32,000. The Wildhorse Property currently consists of a combined total acreage of 1,564.88 acres.

Proposed Exploration Program

Two exploration programs were completed on the property in 2007, a new CSAMT geophysical survey and a 110 rock chip sampling program. Zonge Geophysics completed a 12.6km CSAMT survey on seven east-west oriented lines. After reviewing the results, and other historical data available on the property, a two-phase exploration program has been recommended for the Wildhorse property. A full and detailed review of all historic data is recommended as part of the next phase of work. It is also recommended that the Company enter all the historic data into an electronic database in order to determine if any trends exist in the old anomalous drill results and to help with the interpretation and selection of future areas to drill. A first phase of reverse circulation drilling (RC) is recommended, the location of which is to be determined by detailed mapping, rock sampling (and soil sampling where overburden dictates) along grid lines that cross the structures interpreted in the geophysical survey, within the area already defined as the most prospective on a reconnaissance scale. The objective of this work is to define which of these structures, based on geology (alteration) and geochemistry represents the best target as conduits of mineralization. While actual values at surface are not likely to be economical, the systematic sampling and mapping will enhance the ability to distinguish which structure has the most potential to have mineralization in favourable horizons at depth, based on the theory that there would have been leakage of mineralized fluids along the faults. Phase I as proposed, is estimated to cost US\$374,000.

A second phase of reverse circulation drilling (RC) would be conducted contingent upon favourable results of the first phase and the composite data from the first phase. The location of these Phase II holes would be identified as Phase I was being completed. These drill holes would be based on all previous

drilling in Phase I. It is also recommended that the Company complete a small diamond drilling program in any anomalous areas detected in Phase I and Phase II which would allow the Company to view faults, or other rock textures not evident in the RC drilling. Current drilling in the district is reported to be deep with pre-collared holes being installed to depths ranging from 500-4000 feet. This is indicative of the possibility that recorded near-surface mineralization or surface anomalies are the result of leakage upward along favourable structures, from a deep-seated source that could be enriched in gold as is typical of the known deposits in the Nevada gold trends. Phase II as proposed, is estimated to cost US\$700,000.

The Company has paid the annual mining claim maintenance fees to the Nevada State Office of the Bureau of Land Management (“BLM”) on August 8, 2008 for the period ending September 1, 2009; as well as timely recorded the annual Notices of Intent to Hold the mining claims with the county Recorder’s office.

During the 2008 field season, the Company developed conceptual drill targets by reviewing the existing historical data, reports and 2007 information previously described to locate the sites of the previous drilling and sample sites where the more anomalous gold samples were collected. Work in the field identified areas where the geophysical survey indicated major structures and areas of high resistivity and a greater understanding of the lithology and structural geology of the area. In addition there were more samples taken from both outcrops and prospects and some plotting of bedding attitudes and fault traces as well as geologic mapping.

A 10 hole drilling program was developed from observations made in the field with consideration of the results of the CSAMT survey and the work done by Kuzma in 2007. The Notice of Intent to conduct exploration activities was submitted and approved by the district office of the BLM and the reclamation bond in the amount of \$11,441 was posted with the BLM. The conceptual model for the drill program is anomalous mineralization and pathfinder geochemistry seen associated with recognized structures being targeted representing leakage from a deeper, stronger system involving more favorable host rock, and can be encountered at a reasonable drilling depth. Although the drilling program was diligently identified based upon historic information and 2007 and 2008 field results, the current economic situation does not warrant drilling the targets at this time.

Management has elected to defer any non essential exploration expense and has suspended any further work on the property at this time in order to preserve working capital. Management is continuing to assess the junior exploration market condition in an effort to coordinate the progress of the exploration program with the resurgence of the industry as well as recognize potential opportunity in the current environment.

Resource Property – Right of First Refusal Properties (“ROFR”)

Pursuant to a right of first refusal agreement on September 1, 2006 amended on June 1, 2009 (the “ROFR Agreement”) with a director of the Company (the “Optionor”), the Company entered into an agreement to have the first right of refusal to acquire up to 172 claims in various counties in the State of Nevada, as listed below (the “ROFR Properties”). Under the terms of the ROFR Agreement, the Company, as optionee, was granted the sole right and option to purchase the ROFR Properties in consideration of the Company reimbursing all acquisition costs including filing fees, holding fees, staking costs, and other costs directly associated with the acquisition of the ROFR Properties. The Optionor agreed to negotiate the terms of the purchase by June 13, 2010 on agreement that the Company would maintain the claims in good standing. The ROFR Properties are comprised of 172 claims as follows:

- Antelope Springs Project in Pershing County, Nevada, comprised of 24 claims;
- Willow Project in Pershing County, Nevada, comprised of 6 claims;
- Buckhorn East Project in Eureka County, Nevada, comprised of 52 claims;
- Fencemaker Project in Pershing County, Nevada comprised of 37 claims;
- Kennedy North Project in Pershing County, Nevada comprised of 13 claims;
- Rangefront Project in Humboldt County, Nevada comprised of 9 claims;
- Rosial Project in Pershing County, Nevada comprised of 23 claims; and
- Spring City Project in Humboldt County, Nevada comprised of 8 claims

The Company has paid the annual mining claim maintenance fees to the Nevada State Office of the Bureau of Land Management on August 8, 2008 for the period ending September 1, 2009; as well as timely recorded the annual Notices of Intent to Hold the mining claims with the respective county Recorder's offices. Preliminary field reconnaissance work has begun on the properties. Historic and regional geologic information was reviewed followed by an initial site visit to each property. An initial surface sample program was conducted and assayed. Follow up sampling and mapping may be conducted on those properties of interest with the objective to identify a geologic model and develop drill targets for eventual testing.

The eight claim blocks are not contiguous; and represent eight separate opportunities or projects. The Company has the opportunity to review and analyze each of the eight claim blocks, and determine which, if any, it wishes to acquire or option. The Optionor has limited historical data pertaining to certain of the claim blocks. Management is continuing to assess the junior exploration market to determine whether to commence negotiations on the ROFR Properties.

Resource Property – Other Properties

The Company expended \$21,414 in the year ended May 31, 2008 covering filing and recording fees for 52 unpatented lode mining claims located within the White Mountains in eastern Esmeralda County, Nevada. The claims encompass an exploration phase project acquired for its potential to yield high grade mineralization within the volcanic hosted low sulfidation gold/silver vein system in the Walker Lane structural trend. Preliminary field work was conducted to assess and identify initial drill sites. The Company has paid the annual mining claim maintenance fees to the Nevada State Office of the Bureau of Land Management on August 8, 2008 for the period ending September 1, 2009; as well as timely recorded the annual Notices of Intent to Hold the mining claims with the respective county Recorder's offices.

Pursuant to a mineral property lease agreement ("Lease Agreement") dated November 1, 2008, with a group of individuals, including a director of the Company, the Company may acquire a 100% undivided interest, subject to a 3%-4% NSR (dependant on the price of Gold exceeding US\$700 per ounce), in 24 mining claims located in San Bernardino County, California, United States of America ("Sacramento property"). Consideration for the acquisition was reimbursement of US\$3,207 for 2008 mining claim maintenance fees (paid), and future mining claim maintenance fees in addition to the annual cash payment as follows:

- pay US\$5,000 annually from November 1, 2010 to 2013;
- pay US\$7,500 annually from November 1, 2014 to 2018;
- pay US\$75,000 annually from November 1, 2019 onward.

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The claims were acquired for their potential disseminated gold mineralization in a brecciated zone between a well defined basal detachment fault and a less well defined upper detachment fault. The mineralization is reported to be associated with two mica granites which grade into higher grade quartz veins locally. No field work has been conducted on the property. One of the directors is a 25% owner of the mining claims.

Property Expenditures Summary

The Company is a venture issuer that has not had revenue from operations. The Company has capitalized all expenditures relating to the exploration of its mineral properties. Details of deferred expenditures for the properties are as follows:

	Cumulative August 31, 2009	Cumulative May 31, 2009
<u>Wildhorse - Actual Expenditures</u>		
Acquisition costs	\$ 55,241	\$ 52,991
Assays & cores	8,130	8,130
Claim & maintenance fees	34,006	34,006
Consulting fees (Geological)	85,218	85,218
Field work & supplies	7,169	7,169
Mapping & reports	3,407	3,407
Sampling & surveying	72,391	72,391
Staking	3,625	3,625
Vehicles	185	185
	269,372	267,122
<u>Right of First Refusal - Actual Expenditures</u>		
Assays & cores	1,602	1,602
Claim & maintenance fees	114,278	73,419
Consulting fees (Geological)	82,436	82,436
Field work & supplies	6,922	6,922
Vehicles	4,116	4,116
	209,354	168,495

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	Cumulative August 31, 2009	Cumulative May 31, 2009
<u>Others - Actual Expenditures</u>		
Claim & maintenance fees	32,694	32,694
	32,694	32,694
Total Resource Properties	\$ 511,420	\$ 468,311

1.4.3 Results of Operations

The income for the period ended August 31, 2009 was \$862,687 (August 31, 2008 – loss of \$84,803). The details of the income and expenses are as follows:

	Period ended August 31, 2009	Period ended August 31, 2008
Accounting and audit fees	\$ -	\$ 3,255
Amortization	757	1,215
Bank charges and interest	628	376
Consulting fees	26,047	10,440
Corporate and administration fees	5,835	14,700
Filing fees	7,666	2,610
Insurance	3,098	2,815
Legal fees	24,965	9,387
Management fees	36,600	12,000
Office and miscellaneous	13,018	16,326
Rent	4,500	7,793
Shareholder communications	6,920	6,288
Loss for the period before other items and taxes	(130,034)	(87,205)
Other items:		
Foreign exchange (loss) gain	(4,091)	(1,096)
Realized gain on marketable securities	996,345	-
Interest and investment income	467	3,498
Net income (loss) for the period	\$ 862,687	\$ (84,803)

The Company completed its private placement financing in the period and became a public issuer on June 13, 2008. As a result Corporate and administration costs decreased by \$8,865 compared to the comparative period for the prior period. In the current period, the Company was very active in pursuing projects and investments, such as Copper Ridge, and in administering the affairs of the Zaccoro accounts which are winding down. As a result, Legal fees and Consulting fees increased by \$15,578 and \$15,607, respectively, over the comparative period ended August 31, 2008. The Company also began paying

regular management fees to all officers in the past year and such fees for the period increases by \$24,600 from the corresponding period in the prior year. All other expenses remained relatively comparable to the prior year period ended August 31, 2008.

Included in the assets obtained in the Zacoro Transaction was a significant investment in the shares of Aura Minerals Inc. (“Aura”). At August 31, 2009, the Company held 364,396 post-consolidated shares of Aura which have a historical cost of \$364,396 and a market value of \$1,129,629 and which are classified as available-for-sale. During the period ended August 31, 2009, Aura consolidated its shares outstanding on a 5 to 1 basis and the Company sold 2,705,500 pre-consolidation shares (541,100 post-consolidation) with an original cost of \$541,100 for net proceeds of \$1,537,445 and a net capital gain of \$996,345.

During the year ended May 31, 2009, the Company reported an unrealized gain on these shares of \$633,848 in its comprehensive income. During the period ended August 31, 2009, the Company reported an unrealized gain on these shares of \$679,975 offset by a transfer to realized gains of \$548,591 on shares sold in the period, resulting in a net gain of \$131,834 to its comprehensive income.

Investor Relations Activities

During the period ended August 31, 2009, the Company responded to investor inquiries. There were no formal investor relations agreements in place.

Financings, Principal Purposes & Milestones

On March 27, 2009, the Company completed a transaction with Zacoro (the “Transaction”), an inactive private Ontario corporation whose only significant assets at the closing date consisted of cash and near-cash investments with a net value of \$2,301,990. As the Transaction was in substance an equity financing, it was accounted for as a private placement during the period ended May 31, 2009. In accordance with the terms of the Transaction, the Company has reserved 36,562,937 common shares for issuance to the Zacoro shareholders as part of the amalgamation (“Reserve Shares”). The exchange ratio was 0.46 Platoro Shares for each Zacoro share. At May 31, 2009, 8,545,516 Reserve Shares remained to be issued. Reserve Shares will be issued to Zacoro shareholders once they have tendered their Zacoro shares to the Company’s transfer agent.

On June 5, 2008, the Company completed a private placement of 6,650,000 shares at \$0.18 a share for gross proceeds of \$1,197,000. As at May 31, 2008, \$792,720 of this financing was completed and 4,404,000 shares were issued and the remaining 2,246,000 shares were issued on June 5, 2008 for proceeds of \$404,280.

A secondary financing of 575,000 shares was arranged and completed during the current period, under the same terms as the previous private placement, at \$0.18 per share for gross proceeds of \$103,500.

Finders’ fees in the aggregate amount of \$78,811 were paid to certain agents for a portion of the June 5, 2008 financings.

1.5 Summary of Quarterly Results

The following is a summary of the Company’s financial results for the eight most recently completed quarters:

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	Q1 31-Aug-09	Q4 31-May-09	Q3 28-Feb-09	Q2 30-Nov-08
Net Income(Loss):				
Total	\$862,687	\$(293,190)	\$(69,042)	\$(64,315)
Per share				
- basic and diluted	\$0.20	\$(0.01)	\$(0.00)	\$(0.00)

	Q1 31-Aug-08	Q4 31-May-08	Q3 29-Feb-08	Q2 30-Nov-07
Net Income (Loss):				
Total	\$(84,803)	\$(82,114)	\$(57,310)	\$(36,416)
Per share				
- basic and diluted	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)

Discussion

For the discussion on the period ended August 31, 2009, please refer to Section 1.4 Results of Operations.

1.6 Liquidity

In management's view, given the nature of the operations, which currently consist of agreements covering resource properties, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the extent to which it can determine whether its resource properties contain reserves which are economically recoverable.

Such development may take periods to complete and the amount of resulting income, if any, is difficult to determine. The Company does not expect to receive significant income in the foreseeable future.

The Company completed a financing during the period for the issuance of 2,821,000 common shares for gross proceeds of \$507,780. The Company also completed an equity transaction with Zacoro, whose significant assets at the closing date consisted of cash and near-cash investments with a net value of \$2,301,990, see Section 1.4.3.

On May 28, 2009 the Company entered into a subscription and distribution agreement with Copper Ridge Explorations Inc. ("Copper Ridge") (as amended July 7, 2009) pursuant to which the Company subscribed for 100,000,000 common shares of Copper Ridge at a price of \$0.03 per common share on a non-brokered basis, for a total cost of \$3,000,000. The financing closed on September 3, 2009 (see Section 1.4.1).

As at August 31, 2009, the Company had working capital of \$4,330,249 which may not be adequate to meet the Company's working capital needs over the next 12 months or more (see above investment in Copper Ridge for \$3,000,000).

It is anticipated that any additional funding will be in the form of equity financing from the sale of common shares, however, there is no guarantee that funding by such financings will be available in amounts sufficient to meet the needs of the Company.

1.7 Capital Resources

The capital resources of the Company are the mineral properties, with historical costs of \$511,420 and equipment and leaseholds of \$14,385 as at August 31, 2009. The Company is committed to further expenditures on the properties, as detailed in Section 1.4 Results of Operations.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed. The Company has optioned its mineral properties from a private company controlled by a director of the Company.

1.9 Transactions with Related Parties

The Company incurred the following fees and reimbursement of costs with a director, companies controlled by directors and a former director of the Company:

	<u>August 31,</u> <u>2009</u>	<u>August 31,</u> <u>2008</u>
Consulting fees	\$ 26,047	\$ 7,500
Corporate and administration fees	3,000	10,135
Equipment and leaseholds	-	10,135
Legal fees	7,239	12,000
Management fees	36,600	12,000
Office and miscellaneous	2,250	7,639
Rent	4,500	7,793
Shareholder communications	3,174	-
Resource properties	-	30,664
	<u>\$ 82,810</u>	<u>\$ 75,731</u>

During the period ended August 31, 2009, the Company issued 50,000 shares, valued at \$0.045 per share, to a director with respect to a mineral property agreement.

During the period ended August 31, 2008, the Company issued 50,000 shares, valued at \$0.18 per share, to a director with respect to a mineral property agreement.

These expenditures were measured by the exchange amount, which are the amounts agreed upon by the transacting parties.

Included in prepaid expense and deposits is \$2,500 (August 31, 2009 - \$2,500) paid to a company controlled by a director for rent and administrative expenses.

1.10 First Quarter

The first quarter results differ significantly from other recent quarters. See Section 1.4 for discussion of expenses.

1.11 Proposed Transactions

On May 28, 2009 the Company entered into a subscription and distribution agreement with Copper Ridge Explorations Inc. ("Copper Ridge") (as amended July 7, 2009) pursuant to which the Company subscribed for 100,000,000 common shares of Copper Ridge at a price of \$0.03 per common share on a non-brokered basis, for a total cost of \$3,000,000. The financing closed on September 3, 2009 (see Section 1.4.1).

1.12 Critical Accounting Estimates

Resource Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on an annual basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Stock-based Compensation

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's shares, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate, as determined at the grant date. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options. The estimated fair value of awards of stock-based compensation are charged to expense over their vesting period, with offsetting amounts recognized as contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

1.13 Changes in Accounting Policies Including Initial Adoption

Going Concern

Effective June 1, 2008, the Company adopted the amendments to the guidelines of CICA Handbook Section 1400, General Standards of Financial Statement Presentation. The Canadian Accountability Standards Board amended Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The adoption of these amendments resulted in no disclosure changes to the Company's financial statements.

Financial Instruments

Effective June 1, 2008, the Company adopted the new guidelines of CICA Handbook Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. These standards replace CICA Handbook Section 3861, Financial Instruments – Disclosure and Presentation.

These standards increase the disclosures previously required, enabling users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, qualitative and quantitative disclosure is required about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the Company is exposed to such risk, based on information provided internally to the entity's key management personnel.

Capital Disclosures

Effective June 1, 2008, the Company adopted the new guidelines of CICA Handbook Section 1535, Capital Disclosures, which requires companies to disclose their objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital, and whether they have complied with externally imposed capital requirements and, if not in compliance, the consequences of such non-compliance.

1.14 Financial and Other Instruments

The carrying value of the Company's financial instruments, consisting of cash and cash equivalents, investments, prepaid expenses and deposits and accounts payable and accrued liabilities approximates their fair values due to the short maturity of those instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The recoverability of amounts from the properties will be dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in underlying properties, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under the property

agreements and to complete the development of the properties and upon future profitable production or proceeds from the sale thereof. The outcome of these matters cannot be predicted with any certainty at this time.

1.15 International Financial Reporting Standards (“IFRS”)

In February 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed the mandatory changeover date to IFRS for Canadian profit-oriented publicly accountable entities (“PAE’s”) such as the Company.

The AcSB requires that IFRS compliant financial statements be prepared for annual and interim financial statements commencing on or after January 1, 2011. For PAE’s with a May 31 period-end, the first unaudited interim financial statements under IFRS will be the quarter ending May 31, 2011, with comparative financial information for the quarter ended May 31, 2010. The first audited annual financial statements will be for the period ending May 31, 2012, with comparative financial information for the period ended May 31, 2011. This also means that all the opening balance sheet adjustments relating to the adoption of IFRS must be reflected in the June 1, 2011 opening balance sheet which will be issued as part of the comparative financial information in the August 31, 2011 unaudited interim financial statements.

The Company intends to adopt these requirements as set out by the AcSB and other regulatory bodies. At this time, the impact of adopting IFRS cannot be reasonably quantified. During fiscal 2010, the Company will continue to evaluate the impact of IFRS on the Company and develop and put in place a plan for the conversion to IFRS. If the Company decides not to early adopt the standards, the actual conversion work will occur in late 2010 and 2011, in anticipation of the preparation of the May 31, 2011 balance sheet that will be required for comparative purposes for all periods ending in fiscal 2012.

1.16 Other

1.16.1 Disclosure of Outstanding Share Capital as at October 29, 2009:

	Number	Book Value
Common Shares	50,487,937	\$ 3,907,471
Contributed Surplus	-	\$ 178,982

As at October 29, 2009, there were no outstanding stock options and warrants.