

**RADISSON MINING RESOURCES INC.**  
**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**SECOND QUARTER OF 2007**

The following management's discussion and analysis ("MD&A"), prepared as of August 29, 2007, should be read in conjunction with the quarterly unaudited financial statements of Radisson Mining Resources Inc. (the "Company" or "Radisson") and with the audited financial statements of the Company for the year ended December 31, 2006, in each case with the related notes thereto, all of which have been prepared in accordance with generally accepted accounting principles. All dollar amounts referred to herein are in Canadian dollars.

This MD&A was prepared in compliance with the provisions of Form 51-102F1 and approved by the Company's Audit Committee. The Company's auditors, Samson Belair / Deloitte & Touche s.e.n.c.r.l. have NOT reviewed the MD&A prior to release.

### **FORWARD-LOOKING INFORMATION**

The MD&A contains forward-looking statements that reflect, at the date of the MD&A, the Company's expectations, estimates and projections with regard to its operations, the mining industry in general, and the economic environment in which it operates. Although reasonable, the statements entail a certain amount of risk and uncertainty and there is no guarantee that they will prove to be accurate. Consequently, actual results could be materially different from those implied or expressed by these forward-looking statements.

### **OVERALL PERFORMANCE**

The Company has a portfolio of 16 properties, which cover a total area of 25,457 hectares in Québec and Ontario. Eleven of the properties are located in northwestern Québec, while five are in the Dryden area, in northwestern Ontario.

#### **PROPERTIES IN QUÉBEC**

The eleven properties in Québec cover an area of 21,937 hectares in the well-known Abitibi-Témiscamingue mining region. Over the past three years, most of the Company's exploration work has been carried out on the O'Brien/Kewagama project, in the Cadillac mining camp. A considerable amount of exploration work is currently being done in this camp as a result of gold discoveries made in the last few years along the Cadillac Fault.

During the last quarter, Radisson optioned two properties covering an area of 1,235 hectares in the La Sarre and Preissac mining sectors. This expanded the total area of projects in Québec from 20,672 hectares to 21,937. These properties are highly prospective for the discovery of gold, nickel, and base metals.

#### **O'BRIEN/KEWAGAMA PROJECT**

The project, located directly north of the town of Cadillac, midway between Rouyn-Noranda and Val-d'Or, is composed of the wholly-owned O'Brien and Kewagama properties. In the event of commercial production on the O'Brien property, a \$1 million cash payment will be payable to Breakwater Resources. The Kewagama property, on the other hand, is subject to a 2% net smelter return royalty in the event of commercial production.

Since 2004, Radisson's exploration work has been concentrated on the 36 East Zone. It has confirmed that the zone continues eastward to the Kewagama shaft and is still present vertically at a depth of 1400 m, thereby considerably improving the potential for increasing existing resources. In addition, recent gold discoveries by Globex and Queenston on the Wood-Pandora joint venture, immediately east of the O'Brien/Kewagama project, have also enhanced the gold potential of the northern part of the project. In fact, these gold discoveries occur in the talc and chlorite schists of the Cadillac Fault (D Zone) and in the sedimentary rocks of the Cadillac Group, north of the fault (Mudstone and Ironwood zones).

The 2006 diamond drilling program confirmed the presence of similar gold zones, north of the Cadillac Fault on the O'Brien/Kewagama project (North Zone).

In 2007, Scott Wilson Roscoe Postle Associates Inc. ("Scott Wilson RPA") evaluated the mineral resources of the O'Brien mine's 36 East Zone, based on the historical data from surface and underground drilling available up to April 2007, using a conventional 2D longitudinal block resource estimation methodology. At a cut-off grade of 0.17 oz/t of gold, Scott Wilson RPA estimates that the Indicated Mineral Resources for the 36 East Zone total 270,000 tons at an average uncut grade of 0.56 oz/ton of gold and an average cut grade of 0.36 oz/ton of gold using a cut-off grade of 0.17 oz/ton of gold. The contained gold in the Indicated category at this cut-off grade is estimated to be 97,100 oz. Scott Wilson RPA also estimates the Inferred Mineral Resources for the 36 East Zone total 182,000 tons at an average uncut grade of 0.37 oz/ton of gold and a cut grade of 0.29 oz/ton of gold using the same cut-off grade. The contained gold in the Inferred category at this cut-off grade is estimated to be 53,700 oz.

#### RESOURCE ESTIMATE FOR THE 36 EAST ZONE, O'BRIEN MINE – MAY 9, 2007

Classification	Horizontal thickness (ft)	Tonnage (tons)	Uncut gold (oz/t)	Cut gold (oz/t)	Contained cut gold (oz)
Indicated resources	4.7	270,000	0.56	0.36	97,100
Inferred resources	4.6	182,000	0.37	0.29	53,700

Notes:

1. CIM (2005) definitions were followed for mineral resources.
2. Resource blocks were outlined and classified manually on eight vertical longitudinal projections based on a cut-off grade of about 0.17 oz/t Au.
3. Mineral resources were estimated using an average long-term gold price of US\$500 (CAD\$575) per ounce.
4. A minimum true thickness of four feet was used.
5. A 12 ft<sup>3</sup>/t tonnage factor was used. High assays were cut to 2.0 oz/t Au.
6. Gemcom Software International Inc. *Resource Evaluation Edition GEMS 6.02* was used.
7. There are currently no mineral reserves at the O'Brien mine.
8. The Qualified Person for the resource estimate was Luke Evans, M.Sc., P. Eng.

The horizontal thickness of the indicated resources ranges from 4.0 to 8.7 feet, with an average of 4.7 feet. The mineralization of the 36 East Zone is very sensitive to cutting high gold assays and this has reduced the global resource contained gold by approximately 30%.

Scott Wilson RPA is of the opinion that:

1. There is excellent potential for increasing the resources of the 36 East Zone above the 2000 level and for discovering new resources at depth and along strike, to the east. The resources blocks of the 36 East Zone are generally 50 to 200 feet wide and up to 1000 feet long along plunge directions, which are mostly very steep to the east.
2. Additional drilling is needed to verify untested or open zones around the 36 East Zone resource blocks and to explore below the 2000 level.
3. Additional exploration work is needed before conducting the prefeasibility study.
4. The following objectives must be kept in mind during the surface and underground exploration program:
  - a. Significantly increasing current mineral resources;
  - b. Converting inferred resources to indicated resources;
  - c. Carrying out underground mapping, sampling and close-spaced drilling to validate and improve the geological interpretation and to improve the current cutting level estimate;
  - d. Underground bulk sampling for metallurgical tests; and
  - e. Test mining for dilution and other reserve estimation related studies

Since the beginning of 2007, the O'Brien mine's grid lines were re-established over the entire O'Brien/Kewagama project and an induced polarization survey covering the most favourable sectors was carried out.

In fall 2007, advanced exploration work is planned on the O'Brien/Kewagama project. It will include surface diamond drilling of the 36 East Zone, as well as of other targets identified by an airborne geophysical survey and the induced polarization survey. These targets are located east of the 36 East Zone, toward the Kewagama Mine, as well as north of the Cadillac Fault.

Scott Wilson RPA has concluded that "there is excellent potential to increase the Zone 36 East resources above the 2,000 Level and to discover new resources further at depth and along strike further to the east".

## MASSICOTTE GROUP PROJECT

The project, which has a total area of 16,726 hectares, forms a contiguous claim block and includes the Company's Lac Gignac and Massicotte properties. It is located in the prolific Abitibi Greenstone Belt (150 million oz Au produced) in northwestern Québec, 15 km east of the Detour Lake mine, where partners Detour Gold Corporation and Trade Winds Venture recently announced total gold resources of 5,7 million oz Au. Taking into account the Detour Lake mine's past production of 1.8 million oz Au, the Detour Lake mining camp has a total resource of 7.5 million oz Au. The gold mineralization is associated with the Sunday Lake regional deformation zone, which is similar to the well-known Destor/Porcupine and Cadillac/Larder Lake regional fault zones, which host most of the Abitibi gold deposits.

The Massicotte Group claims cover more than 20 km along the Sunday Lake deformation zone. They also encompass more than 15 km of the Massicotte regional gold-bearing fault zone, hosting the Lynx, Rambo and Lap 3 showings, which respectively have historic gold values of 7.8 g/t Au over 7.2 m, 6.3 g/t Au over 2.7 m and 24.1 g/t Au over 2.4 m.

Radisson has a 100% interest in 440 claims (15,728 hectares) and a 60.6% interest in 18 claims (998 hectares). These claims form the Massicotte project joint venture, in partnership with Van Horne, a business unit of PanCanadian Resources, which has a 39.4% interest in the project. If Van Horne does not participate in the next program, its interest will be diluted according to the dilution formula stipulated in the agreement. If its interest drops to 10%, it will automatically be transformed into a 1% NSR royalty.

Finally, in June 2007, Arianne Resources Inc. signed an option agreement to acquire 50% of Radisson's interest in its Detour Lake mining camp claims. To acquire this interest, Arianne must, on or before August 31, 2010, carry out exploration work totalling \$1.5 million, make option payments of CAD\$75,000 and issue 300,000 shares of Arianne Resources Inc. to Radisson.

In summer 2007, Arianne began compiling and integrating all available geoscience data; a soil geochemical survey and an airborne geophysical survey are also being planned for fall 2007.

## NEW ACQUISITIONS

### *La Reine Property*

The La Reine Molybdenum-Gold Property consists of 27 mining claims covering 1,150 hectares in La Reine Township, approximately 10 km west of the town of La Sarre. The La Reine property is situated within the Abitibi Archean Greenstone Belt. The geological units strike roughly northwest and include felsic and mafic volcanic rocks intruded by ultramafic to granitic rocks.

Molybdenite occurs at surface in a number of highly mineralized east-west to northeast-southwest trending quartz veins that appear to be associated with the La Reine granitic pluton. The most interesting are veins number 1 and 2, which are the southernmost. The width of Vein 1 ranges from 0.6 to 1.2 m; it has been traced on surface over more than 900 m. It is oriented 274° with a dip of 82° to the north. It can contain up to 20% coarse-grained pyrite and locally contains massive molybdenite. Vein 2 ranges from 0.3 to 0.6 m in width; it has been traced over more than 45 m and is oriented 271° with a dip of 86° to the north. These 2 veins yielded the best results, both on surface and in drilling:

Trenches	Drill holes
Vein 1 4.14% Mo over 0.6 m 2.53% Mo over 0.7 m 2.51% Mo over 0.8 m 4.48% Mo over 0.8 m 6.03% Mo over 1.0 m	Vein 1 Hole # 13: 2.80% Mo over 0.3 m Hole # 14: 2.55% Mo over 0.6 m Hole # 15: 0.30% Mo and 70.5 g/t Au over 0.3 m Hole # E-6: 1.66% Mo over 0.4 m
Vein 2 1.94% Mo over 0.9 m	Vein 2 Hole # E-3: 1.05% Mo over 0.4 m

Based on a report by R. Sholto Douglas, A.R.S.M., B.Sc. to the Board of La Reine Gold Mines Limited, dated June 9, 1937, channel samples taken from 5 trenches on Vein 1 returned an average grade of 4.07% Mo over a width of 0.8 metres and a known strike length of 183 metres. While these sample results are only surficial, it may be worthwhile to note that most molybdenum vein deposits in the world grade less than 0.5% Mo. In addition to molybdenum, drilling has returned up to 70.5 g/t Au over 0.30 m.

The most recent reported exploration work was conducted in 1980-1982 by Eastern Mines Ltd. They performed a VLF-EM survey over an area of about 3 km<sup>2</sup>. This was followed by a 7-hole diamond drilling program totalling 695 metres. Only a few of the VLF-EM anomalies were drill tested. Hole E-3 intercepted 1.05% Mo over 0.4 m in Vein 1 and Hole E-6, drilled 175 m south of E-3, returned 1.66% Mo over 0.4 m in a quartz vein with massive molybdenite. These veins are open laterally and at depth.

Most of the property is largely covered by glacial overburden and therefore remains relatively unexplored. There is very little bedrock exposure on the property so there is a good possibility that a modern exploration program, including deep penetrating electromagnetic surveys, will reveal additional gold and molybdenite mineralization.

#### *Preissac Property:*

This nickel property consists of 2 mining claims covering approximately 85 hectares in the Abitibi Greenstone Belt. The property covers part of an east-west trending granite-granodiorite (Preissac Batholith) - mafic volcanic contact zone. The nickel sulphide mineralization is found in a peridotite associated with this contact zone. Located about 15 km east of the Preissac property, the Marbridge mine was in production from 1962 to 1968; including production and reserves, the deposit is estimated at 0.77 million metric tons grading 2.3% Ni and 0.1% Cu (Geological Survey of Canada, World Minerals Geoscience Database Project, 2003).

From 1964 to 1967, Quebec Moly Mining Corporation outlined a zone containing historical resources of 123,830 metric tons of nickel sulphides at a grade of 0.65% Ni on the Preissac property. The mineralized zone ranges from 2.4 to 3.0 m in width and extends laterally over 150 m, 50 to 100 m below surface. It is open at depth and along strike. Gold values of 4.8 g/t over 0.3 m and 5.5 g/t over 0.3 m were also obtained in drilling. A qualified person has not done sufficient work to classify this historical estimate as current mineral resources, the Company is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon.

Limited exploration was conducted in 2000-2002 in the area. This included a helicopter-borne AEROTEM survey followed by limited ground magnetometer work and a MaxMin electromagnetic survey on a reconnaissance basis. Three shallow diamond drill holes were subsequently drilled in 2001 to test anomalies west and east of the property, relatively far from the known deposit. The diamond drilling intersected altered ultramafic flows and metavolcanics containing sulphide stringers.

In consideration of the Option to acquire the La Reine and Preissac properties, Radisson has agreed to a cash payment of \$15,000 and the issuance of 200,000 Class A shares, to the Optionors, upon Closing, expected to occur in July, 2007. Radisson also has undertaken to deliver to the Optionors 200,000 additional Class A shares on each of the three subsequent anniversaries of Closing, provided that, on each such anniversary, after transfer to Radisson of the claims, the Optionors will thereafter be entitled to a 2% net smelter return royalty of which Radisson will have the right to repurchase one-half for \$1,000,000.

## **OTHER PROPERTIES**

In 2005, the Company evaluated the Douay project as being highly prospective for the discovery of gold mineralization. The acquisition of new claims has continued and the Company is still awaiting confirmation for some of the claims. Depending on the Company's financial capacity, geophysical and geochemical surveys could be conducted on the Douay project to define drill targets.

With regard to its other projects, the Company is actively seeking partners; a few companies have shown an interest in some of the projects and are in the process of evaluating them. Finally, the Company will continue to evaluate and generate new projects that are highly prospective for the discovery of gold and base metals.

## **PROPERTIES IN ONTARIO**

In fall 2005, the Company identified molybdenum as a metal with high growth potential and consequently acquired five molybdenum and gold properties in northwestern Ontario. These acquisitions were made by staking and through option agreements. The properties cover a total area of 3520 hectares and are located in an area historically known for its gold and molybdenum showings, approximately 100 km south of Dryden, in Ontario.

The fall 2005 prospecting work confirmed surface extensions of the molybdenum and gold showings occurring on the properties. It was followed in winter 2006 by a high-resolution aeromagnetic, horizontal gradiometer and XDS-VLF-EM survey in the Dryden area. The survey results were used to direct prospecting and project generation work in the sector in summer 2006.

Finally, in fall 2006, two holes totalling 181 m were drilled on the Highway property's molybdenum showing. They returned anomalous grades of molybdenum (up to 1,108 lb/t Mo over 1.5 m). The Company is encouraged by these initial results and additional programs will be planned for the Dryden area projects. They will include prospecting and sampling as well as ground geophysical surveys, followed by diamond drilling.

## **PROMOTION**

The Company updated its Website to make it more user-friendly. It has been operational since January 2007 under a new name ([www.radissonmining.com](http://www.radissonmining.com));).

During Jan. 2007, the Company took part in 2007 Vancouver Resource (Cambridge) Investment Conference. Since April 2007, several presentations were made to selected investors in Toronto and Montréal.

## **EQUITY FINANCING**

In the quarter ending March 31, 2007, and up to the date of the MD&A, the Company did not engage in any equity financing. The financing carried out during the 2006 financial year currently allows Radisson to continue its exploration activities and maintain sufficient working capital.

## **EXPLORATION PROGRAM**

For the quarter ending June 30, 2007, exploration expenditures amounted to more than \$81,000. This made it possible to complete the induced polarization survey on the O'Brien/Kewagama project. Part of this amount was also used to evaluate and acquire new properties, as well as for various related exploration expenses. For the Dryden area, in Ontario, expenditures were minimal.

## **STOCK MARKET**

The Company's shares have been listed on the stock market since 1986 under the symbol RDS. Radisson has met the Tier 2 listing requirements of the TSX Venture Exchange (TSX-V).

## SELECTED ANNUAL INFORMATION

Highlights of the last three financial years

<b>Financial year ending December 31st</b>			
(in thousands of dollars except for amounts per share)			
	2006	2005	2004
	\$	\$	\$
Total assets	5,521	4,418	4,625
Revenue	31	10	13
Net loss	542	543	197
Net loss per share	0.02	0.02	0.01
Long-term debt	0	0	1

## SUMMARY OF QUARTERLY RESULTS

(in thousands of dollars except for amounts per share)

Quarter	Total income	Net loss	Basic and diluted loss per share
	\$	\$	\$
March 2005	3	(107)	(0.00)
June 2005	-	(138)	(0.00)
September 2005	3	(133)	(0.00)
December 2005	4	(165)	(0.00)
March 2006	2	(112)	(0.00)
June 2006	4	(163)	(0.00)
September 2006	2	(141)	(0.00)
December 2006	23	(126)	(0.00)
March 2007	6	(109)	(0.00)
June 2007	4	(195)	(0.00)

In the quarter ending June 30, 2007, the net loss was \$226,881. This amount corresponds to Radisson's operating expenses and is due to costs related to being a public company. Salaries and benefits, professional fees, expenditures for experts and subcontractors, as well as other costs related to administering the Company also contributed to this loss. Stock-based compensation in the amount of \$32,200 was recorded during the three-month period ending June 30, 2007; this expense was \$17,808 for the three-month period ending March 31, 2007. The net loss for the three-month period ending June 30, 2007, was higher than the one for the quarter ending March 31, 2007, due to significant increases in certain expenditures. Comparing the last two quarters, it can be seen that professional fees are about \$20,000 higher, due to the increase in audit fees, as well as to the increase in allowances for professional fees. The experts and subcontractors expense increased by about \$15,000 because of the decrease in geology fees not charged to exploration projects. Salaries and benefits also increased significantly, due to the hiring of Kenneth G. Murton, who is now president of Radisson, as a salaried employee. During this quarter, the Company also committed an amount of \$38,500 to producing a film about the old O'Brien Mine. This amount is a nonrecurring expenditure, although other expenditures are pending for this film. The Company's management hopes that the short film will increase its mining project's visibility. During the quarter, other expenses remained stable compared with the quarter ending March 31, 2007.

When the results of the six-month periods ending June 30, 2007 and 2006 are compared, significant variations in the following expenditure items are explainable:

The experts and subcontractors expense decreased by about \$26,000 because of the decrease in geology fees not charged to exploration projects.

The expenditure related to the promotional film about the old O'Brien Mine contributed to increasing this quarter's expenses.

Salaries and benefits also increased by about \$32,000 following the hiring of the new president.

The listing and registration fees expense decreased because Radisson did not engage in any equity financing during the first six months of the 2007 financial year.

Analyzing the details of expenses for these four quarters leads to the conclusion that most of Radisson's expenses are stable and predictable. Some expenses vary from one quarter to the next, which is normal considering that Radisson's level of activity also varies.

The Company's management continues to optimally manage the funds available for its operating expenses and is confident of maintaining a sound financial position throughout the 2007 financial year.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at June 30, 2007, the Company had a cash balance of \$11,346 and \$300,000 in term deposits, of which \$81,330 was reserved for exploration work. As a comparison, as at December 31, 2006, the cash balance was \$206,786 and the term deposits amounted to \$605,000, of which \$282,542 was reserved for exploration. As at June 30, 2007, the Company's working capital amounted to \$349,750, compared to \$639,006 as at December 31, 2006. The Company's financial position is therefore sound; there is enough working capital available to continue operations for a period of about 6 months.

The Company's principal source of financing is equity financing, the success of which depends on venture capital markets, the attractiveness of exploration companies to investors, and metal prices. To continue its exploration activities and be able to support its ongoing operations, Radisson will need to maintain and increase its relations with the financial community to obtain further equity financing.

Following analysis of its annual results, the Company's management estimates that it needs about \$500,000 to support its administrative costs for 2007. Radisson is currently in a good financial position and will be able to bear these expenses for the next 6 months.

Outstanding warrants, if exercised, represent significant potential financing. If outstanding stock options were exercised, they would also represent significant additional potential financing. According to the Company's management, if the price of Radisson's shares were to increase significantly, a massive influx of cash would be likely; however, it is not possible to anticipate the amount in question.

## OPERATING RESULTS

Date	Financing		Use of proceeds	Objectives
April 2006	Flow-through shares	\$400,000	Allocated to exploration on the O'Brien and Kewagama properties and properties in Ontario	Drilling program/ geophysical surveys
	Common shares	\$100,000	Working capital	
	Total	\$500,000		
May 2006	Common shares	\$1,207,500	Allocated to working capital and development of the O'Brien and Kewagama properties and properties in Ontario	Exploration work or studies currently underway/ Advancing development of the properties
December 2006	Flow-through shares	\$200,000	Allocated to exploration on the O'Brien and Kewagama properties and properties in Ontario	Prospecting and drilling

## CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The only contractual obligation related to the two option agreements signed in 2005 for the molybdenum properties is to duly maintain the claims; should the options be abandoned, the Company has committed to carrying out exploration work to ensure that the said claims are valid for an additional period of at least six months. The monetary obligations for 2007 related to the options include a \$17,000 cash payment coming to term on September 1st, and another of \$20,000 coming to term on December 8th as part of the second option. In both cases, 10,000 shares are to be issued.

As at June 30, 2007, the Company must incur \$81,330 in exploration expenditures related to flow-through financing completed in December 2006 and related to exploration tax credits receivable. Radisson's management continues to plan work to meet statutory requirements and expects to complete the work in question before the end of the third quarter of 2007.

Following are the details of royalties on the mineral properties:

- O'Brien: 1 million dollar cash payment in the event of commercial production
- Kewagama: 2% NSR royalty
- Highway: 2 NSR royalty with possibility of buy-back in return for 1,000,000 dollars
- Grave Lake: 2% NSR royalty

## RELATED PARTY TRANSACTIONS AND COMMERCIAL OBJECTIVES

In the course of its administrative activities, the Company rents office space from the Chief of Financial Operations of Radisson Mining Resources Inc. For the 6-month period ending June 30, 2007, the rental amounted to \$2100.

These operations occurred in the ordinary course of business and were recorded at the exchange value, which is the consideration determined and agreed upon by the related parties.

## **DISCLOSURE CONTROLS AND PROCEDURES**

The President and Chief Executive Officer (Chief of Financial Operations) is responsible for establishing and maintaining disclosure controls and procedures as defined in Multilateral Instrument 52-109. These controls and procedures were evaluated as at December 31, 2006, and it was concluded that they were adequate and effective.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The President and Chief Executive Officer and the Chief of Financial Operations are responsible for establishing and maintaining internal controls over financial reporting as defined in Multilateral Instrument 52-109. These internal controls were established as at December 31, 2006. For the financial year ending December 31, 2006, no changes were made to internal controls over financial reporting that would have materially affected, or would be reasonably considered to materially affect these controls.

## **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

The Company provides information about deferred exploration expenditures in Note 4 of its interim financial statements ending June 30, 2007.

The Company has no research and development expenditures.

The Company has no deferred expenses other than mineral properties and deferred exploration expenditures.

## **GENERAL AND ADMINISTRATIVE EXPENSES**

Following are the details of general administrative costs for the three-month period ending June 30, 2007:

Telecommunications	\$710
Electricity	\$2,916
Stationery and office supplies	\$1,581
Claim management	\$2,127
Maintenance and repairs	<u>\$2,010</u>
Total	\$9,344

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Following are the details of critical accounting policies and those that require the most judgment and estimates when preparing the Company's financial statements:

### **MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES**

Mineral properties are recorded at cost. Exploration and development expenses, minus related government assistance, are deferred. When a production decision is made, the costs related to the deposit, recorded under mineral properties and deferred exploration expenditures, are capitalized. These costs will then be amortized using the unit-of-production method for the financial year based on probable and proven ore reserves. However, when a project is abandoned, the corresponding costs are written off.

These assets are written down when the Company does not plan to carry out further work in the foreseeable future or in the absence of work over a period exceeding three years.

## **STOCK-BASED COMPENSATION**

The Company uses the fair value method for recording stock-based compensation on the income statement. Using this method, the Company distributes the expense over the vesting period of the options. The expected life of the options used to calculate their fair value is based on Management's experience and judgment.

## **INCOME AND MINING TAXES**

The Company uses the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect, at the date of the financial statements, for the financial year during which the differences are expected to reverse. The Company establishes a valuation allowance with regard to future tax assets if, according to available information, it is more likely than not that all or part of future income tax assets will not be realized.

## **RISK FACTORS**

### **Risks related to exploration**

Mineral exploration involves a high degree of risk. Few of the properties explored are put into production. Unusual or unexpected rock formations, fires, power outages, labour disputes, floods, explosions, cave-ins, landslides, and problems in obtaining qualified workers and appropriate or adequate machinery or equipment are other risks involved in carrying out exploration programs.

The economics of developing resource properties are affected by many factors, including operating costs, variations in the grade of ore mined, fluctuations in metal markets, processing equipment costs and other factors such as Aboriginal land claims, government regulations, especially regulations relating to royalties, allowable production, importing and exporting natural resources, and environmental protection. Depending on the price of the natural resources produced, the Company can determine that it is not appropriate to begin or continue commercial production. There is no certainty that amounts spent by the Company in exploring its mineral properties will lead to the discovery of commercial quantities of ore. Most exploration projects do not result in the discovery of commercially mineable ore deposits.

### **Environmental and other regulations**

Existing and future environmental legislation, regulations and measures could give rise to additional costs, capital expenditures, restrictions and delays in the Company's activities that are unpredictable in scope. The requirements of environmental regulations and standards are under constant evaluation and can be increased considerably, which could seriously affect the Company's business or its ability to develop its properties economically. Before production can begin on a property, the Company must obtain regulatory and environmental approvals; there is no assurance that these approvals will be obtained or can be obtained in a timely manner. The costs of changes in government regulations can also reduce the profitability of operations or completely preclude the economic development of a property.

### **Risks related to financing and development**

The development of the Company's properties therefore depends on its ability to obtain the necessary additional financing. There is no assurance that it will be successful in obtaining the required financing. Furthermore, putting resource properties into production depends on obtaining the services of experienced personnel or of coming to agreements with other large resource companies that can provide the expertise.

### **Market forces**

Factors beyond the Company's control can influence the marketability of the gold or any other mineral discovered. The price of resources has fluctuated considerably, especially over the past few years. The impact of these factors cannot be accurately predicted.

## Uninsured risks

The Company can be held liable for the results of cave-ins, pollution, or other risks against which it cannot or may elect not to insure because of the high cost of premiums or for other reasons. The payment of these liabilities could reduce or eliminate the funds available for exploration and mining activities.

## OTHER MD&A REQUIREMENTS

Additional information about the Company is available on SEDAR ([www.sedar.com](http://www.sedar.com)).

## NATIONAL INSTRUMENT 51-102

Disclosure, as at August 20, 2007, of data relating to outstanding securities:

Outstanding Category A shares: **39,502,851**

Warrants: **6,064,091**

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
434,783	\$0.30	April 2008
1,379,308	\$0.40	April 2008
3,450,000	\$0.45	May 2008
800,000	\$0.40	December 2008

### BROKER WARRANTS:

Broker Warrants for units consisting of one common share and one warrant: **606,409**

43,478 A units at \$0.23 per unit (each A unit consists of one common share and one warrant entitling its holder to subscribe to one share at a price of \$0.30 per share). These Broker Warrants expire in April 2008.

137,931 B units at \$0.29 per unit (each B unit consists of one common share and one warrant entitling its holder to subscribe to one share at a price of \$0.40 per share). These Broker Warrants expire in April 2008.

345,000 B units at \$0.35 per unit (each B unit consists of one common share and one warrant entitling its holder to subscribe to one share at a price of \$0.45 per share). These Broker Warrants expire in May 2008.

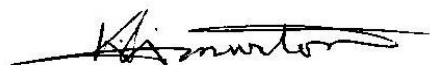
80,000 Broker Warrants entitling their holders to subscribe to 80,000 shares at a price of \$0.40 per share. These Broker Warrants expire in December 2008.

Outstanding options: 5,257,830

Number of options	Exercise price	Expiry date
500,000	\$0.42	August 27, 2007
300,000	\$0.27	March 30, 2008
250,000	\$0.41	April 24, 2008
500,000	\$0.34	October 21, 2009
257,830	\$0.15	March 2, 2010
175,000	\$0.30	October 31, 2010
250,000	\$0.33	April 11, 2011
800,000	\$0.235	April 5, 2012
2,225,000	\$0.30	July 13, 2012



Vice President and Chief of Financial Operations



President and Chief Executive Officer