

**Form 51-102F1**  
**Management Discussion and Analysis**  
**for**  
**Abitibi Mining Corp.**

**For the Period Ended May 31, 2010**

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the audited consolidated financial statements of Abitibi Mining Corp (“Abitibi Mining” or the “Company”) for the twelve months ended May 31, 2010, prepared in accordance with Canadian generally accepted accounting principles, and is publicly available on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A has been prepared as of September 24, 2010. All amounts are expressed in Canadian dollars unless otherwise stated.

**Forward Looking Information**

This MD&A includes some statements that may be considered “forward-looking statements”. All statements in this discussion that address the Company’s expectations about future exploration and development are forward-looking statements. Although the Company believes the expectations presented 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, exploration successes, availability of capital and financing, and general economic, market, and business conditions. Readers 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.

**Risks and Uncertainties**

The Company is subject to a number of risks and uncertainties due to the nature of its business. The Company’s exploration and development activities expose the Company to various financial and operational risks that could have a significant impact on its level of operating cash flows in the future. Readers are advised to study and consider risk factors stressed below.

The following are identified as main risk factors that could cause actual results to differ materially from those stated in any forward-looking statements made by, or on behalf of, the Company.

***Financing***

The Company’s future financial success depends on the ability to raise additional capital from the issue of shares or the discovery of properties which could be economically justifiable to develop. Such development could take years to complete and resulting income, if any, is difficult to determine. The sales value of any mineralization potentially discovered by the Company is largely dependent upon factors beyond the Company’s control, such as the market value of the products produced.

***General Resource Exploration Risks and Competitive Conditions***

The resource exploration industry is an inherently risky business with significant capital expenditures and volatile metals markets. The marketability of any minerals discovered may be

affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as market fluctuations, mineral markets and processing equipment, and changes to government regulations, including those relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. This industry is intensely competitive and there is no guarantee that, even if commercial quantities are discovered, a profitable market will exist for their sale. The Company competes with other junior exploration companies for the acquisition of mineral claims as well for the engagement of qualified contractors. Metal prices have fluctuated widely in recent years, and they are determined in international markets over which the Company has no influence.

### ***Governmental Regulation***

Regulatory standards continue to change, making the review process longer, more complex and therefore more expensive. Exploration and development on the Company's properties are affected by government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price control, tax increases, maintenance of claims, and tenure. There is no assurance that future changes in such regulations couldn't result in additional expenses and capital expenditures, decreasing availability of capital, increased competition, reserve uncertainty, title risks, and delays in operations. The Company relies on the expertise and commitment of its management team, advisors, employees and contractors to ensure compliance with current laws.

### **Company Overview**

Abitibi is a Canadian listed public company with its shares traded on the TSX Venture Exchange under the symbol "ABB".

Abitibi is a junior exploration company with no revenues from mineral producing operations. Activities include acquiring mineral properties and conducting exploration programs. The Company may offer to a major mining company the opportunity to acquire an interest in a property in return for funding by the major mining company, of all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company does not use long term debt. Rather, it depends on the issue of shares from the treasury to investors. Such stock issues in turn depend on numerous factors, important among which are a positive mineral exploration climate, positive stock market conditions, a company's track record and the experience of management.

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and also on the Company's website at [www.abitibi-mining.com](http://www.abitibi-mining.com).

### **Overall Performance**

During the period, the Company wrote off Meridian Bay, Monmouth Uranium, Kerr Addison North, Armstrong Lake, Armstrong Lake Extension, Foleyet, Ivanhoe and Muskego properties.

During the period the Company spent \$212,750 on acquisition costs and \$289,085 on exploration. Of the exploration expenses, \$228,403 was spent on Line Cutting and Surveys. Most exploration work was done on Red Hat \$113,207, Centre Fire Lake, \$101,004 and Troyhill/Meridian, \$36,264.

## **Properties**

### **Chapleau Diamond Project, Ontario**

In November 2005, the Company announced the acquisition of approximately 12,700 acres of prospective kimberlite ground in the Chapleau area of Ontario. Abitibi Mining has paid for the staking costs to earn a fifty (50%) percent working interest in the property. Staking has covered numerous zones with kimberlitic indicator minerals in sediments and till samples, and a series of circular airborne magnetic anomalies on strike with the discovery ground. The Company will further explore these anomalies and their magnetic pipe-like features.

Exploration work in the area by joint venture partner, Chalice Diamond Corp. (formerly Golden Chalice Resources Inc.), has confirmed the presence of a kimberlite dyke southeast of the Company's property. Historical data from government assessment files refer to a thin section analysis which indicates the discovery dyke is indeed kimberlitic. This acquisition follows a six month in-house compilation program by Golden Chalice Resources Inc., followed by field work to explore for diamonds in Ontario. Compilation of geological, geochemical, geophysical, assessment file and other data held or prepared by the Ministry of Northern Development of Mines, Ontario Geological Survey, Natural Resources Canada and the Geological Survey of Canada led to the discovery.

### **Meridian Bay, Ontario**

During the period the Company has decided to write down the property as no work was planned.

### **Elliot Lake Uranium Project, Ontario**

The Company has assembled a large land position including ground which has been optioned and ground which has been staked within and around the Elliot Lake Uranium Camp and surrounding area in Ontario. This land package has been built based on historical drill records that intersected uranium mineralization similar in style to former Elliot Lake deposits. In addition, land positions within 40 kilometres of the Elliot Lake Camp have been acquired based on government airborne radiometric highs that are coincident with elevated uranium in lake sediments. The following four properties have been optioned along with over 16,000 acres (6400 hectares) of staked land.

*Elliot Lake Property* – An option to acquire a 100% interest in the Elliot Lake Property, located in Gunterman Township, within the Elliot Lake Camp of the Sault Ste. Marie Mining Division. New terms were signed on December 3, 2008 for \$37,500 (\$30,000 paid) and 200,000 shares (150,000 issued) and sufficient exploration work to keep the property in good standing.

*Bolger Property* – An option to acquire a 100% interest in the Bolger Property, located in Bolger Township, within the Elliot Lake Camp of the Sault Ste. Marie Mining Division. New terms were signed on December 3, 2008 for \$37,500 (\$30,000 paid) and 200,000 shares (150,000 issued) and sufficient exploration work to keep the property in good standing.

### **Monmouth and Troyhill Uranium Properties, Ontario**

This large land package covers historical uranium occurrences as well as large areas with government airborne radiometric highs that are coincident with elevated uranium in lake

sediments. Abitibi plans to compile existing data prior to using prospecting, mapping, geophysics and geochemistry to identify uranium targets for trenching and drilling.

*Monmouth Uranium Property* – During the period the Company decided to terminate its option agreement on the Monmouth Uranium Property and write down the property.

*Troyhill Uranium Property* – An option to earn a 100% interest in the Troyhill Uranium Property, located in Monmouth Township, Southern Ontario Mining Division, Ontario. New terms were signed on December 10, 2008 for \$17,500 and cash or shares equivalent to \$12,500. All payments on the property are completed.

### **Centre Fire Lake Property, Ontario**

The Company acquired an option to earn a 100% interest in the Centre Fire Lake Property, located in Lomond and McIlraith Townships, Patricia Mining Division, approximately 38 km northeast of Dryden, Ontario. The property is accessible by road. In the late 1960s, Phelps Dodge Corp. intersected wide zones of low grade copper mineralization such as 270 feet averaging 0.16% copper from limited drilling. Anomalous gold and nickel values were also encountered in the thick sequences of mafic flows that locally contain semi massive to massive sulphide pods within intensely silicified and/or carbonate altered zones. No further work has been carried out on the property.

Abitibi plans to complete compilation work on the property and conduct an airborne VTEM survey to locate potential volcanogenic massive sulphide bodies containing copper, zinc, silver or gold.

### **Kerr Addison North Property, Ontario**

During the period the Company decided to terminate its option agreement in the Kerr Addison North Property and write down the property.

### **West-Timmins, Ontario**

All properties in this group have been written off as no work was planned.

### **Other Properties**

Included is the Tannahill property - located in Tannahill Township owned 50% by the Company and 50% by a company with common directors. Payments on this property have been completed.

Other also includes the Redhat property - located in Webb, Lomond and McIlraith Townships. In October 2008 the Company received regulatory approval for the acquisition of a 100% interest in this property. Terms are \$40,000 (\$10,000 completed) and 260,000 shares (85,000 issued) and a 3% NSR, with a 1.5% buyback for \$1.0 million and an additional 0.5% buyback for a further \$1.0 million.

### **Selected Annual Information**

The following table sets forth selected consolidated information of the Company at May 31, 2010 for each of the last three fiscal years prepared in accordance with Canadian Generally Accepted

Accounting Principles. The selected consolidated financial information should be read in conjunction with the Audited Financial Statements of the Company.

Canadian Dollars	2010	2009	2008
Other income	40	(523)	98
Net loss	(831,754)	(1,353,897)	(1,239,205)
Net loss per share	(0.01)	(0.02)	(0.03)
Total assets	920,534	861,306	1,348,469
Long term debt	Nil	Nil	Nil
Dividends	Nil	Nil	Nil

### Results of Operation

For the year ended May 31, 2010, the Company had a net loss of \$(831,754) compared to a loss of \$(1,353,897) for the prior year. The changes from the previous year are mainly related to:

- A decrease to \$544,403 (2009 – \$582,330) in office administration expense due to lower overhead costs.
- A decrease of consulting fees to \$75,570 (2009 - \$102,600) due to lower consulting fees and bonuses.
- An increase in advertising and promotion to \$28,822 (2009 - \$14,601).
- An increase of the regulatory and transfer fees to \$34,157 (2009 - \$23,794) due to more private placement activities in this fiscal year.
- A decrease of the property write-down to \$398,772 (2009 - \$586,947).
- An increase of future income tax recovery to \$395,900 (2009 - \$27,000), non-cash item responsible for the net income over the period.

As of May 31, 2010, deferred expenditures on mineral properties totaled \$833,474, compared to \$733,535 at May 31, 2009. Additions to the deferred expenditures during the period relate largely to the Centre Fire Lake and Red Hat projects.

A private company controlled by one of the directors charged \$530,355 for the year ended May 31, 2010 (2009 - \$520,000), in respect of office administration costs on behalf of the Company. See “*Transactions with Related Parties*” below.

### Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last nine (9) quarters with the figures for each quarter in Canadian dollars.

Quarter Ending	Revenue	Comprehensive Loss (Income)	Comprehensive Loss per Share
May 31, 2010	Nil	490,441	(0.00)
February 28, 2010	Nil	(62,156)	(0.00)
November 30, 2009	Nil	228,054	0.01
August 31, 2009	Nil	175,455	0.00
May 31, 2009	Nil	197,978	0.00
February 28, 2009	Nil	186,223	0.01
November 30, 2008	Nil	788,246	0.01

August 31, 2008	Nil	181,973	0.00
May 31, 2008	Nil	457,619	0.01

**NOTE:** There were no discontinued operations or extraordinary items on the Company's financial statements during the above mentioned periods. The large increase in November 2008 relates mostly to property write off.

### **Liquidity and Capital Resources**

The Company has financed its operations almost exclusively through the sale of its common shares to investors and will be required to continue to do so for the foreseeable future. Working capital was (\$354,869) (working capital deficiency) as at May 31, 2010 compared to \$(588,332) (working capital deficiency) as at May 31, 2009. The increase in working capital is a result of ongoing private placements.

The Company believes it does not have sufficient working capital to meet its obligations for the next 12 months. Additional capital will be required to meet the obligations of flow-through investments, option agreements and to continue work on its other properties and to meet the working capital requirements. The Company has completed the following private placements in the last two years to meet the capital requirements.

#### *Current year*

In July 2009 the Company completed private placement tranches for 4,950,000 flow-through units priced at \$0.04 for gross proceeds of \$198,000. Each unit consists of one flow-through common share and one non-flow-through share purchase warrant exercisable for two years at a price of \$0.10 per share.

On October 1, 2009, the Company completed a private placement tranche of \$11,000 through the sale of 275,000 flow-through units at \$0.04 per unit. Each unit consists of one share and one non-transferable share purchase warrant entitling the holder to purchase an additional share at \$0.10 per share for two year.

On October 1, 2009, the Company completed a private placement tranche of \$213,000 through the sale of 7,100,000 flow-through units at \$0.03 per unit. Each unit consists of one share and one non-transferable share purchase warrant entitling the holder to purchase an additional share at \$0.05 per share in year one or \$0.10 per share in years two through five.

On November 17, 2009, the Company completed a private placement tranche of \$97,000 through the sale of 1,000,000 flow-through units at \$0.03 per unit and 1,900,000 non-flow-through units at \$0.04. Each unit consists of one share and one non-transferable share purchase warrant entitling the holder to purchase an additional share at \$0.05 per share in year one or \$0.10 per share in years two through five.

On December 29, 2009, the Company completed a private placement tranche of \$500,000 through the sale of 10,000,000 flow-through units at \$0.05 per unit. Each unit consists of one share and one non-transferable share purchase warrant entitling the holder to purchase an additional share at \$0.10 per share in year one or two or \$0.15 per share in year three or \$0.20 per share in yearfour.

On January 12, 2010, the Company completed a private placement tranche of \$60,500 through the sale of 210,000 flow-through units and 1,000,000 non-flow-through units both at \$0.05 per unit. Each unit consists of one share and one non-transferable share purchase warrant entitling the holder to purchase an additional share at \$0.10 per share in year one or two or \$0.15 per share in year three or \$0.20 per share in yearfour.

On February 3, 2010, the Company completed a private placement tranche of \$440,000 through the sale of 8,700,000 flow-through units and 100,000 non-flow-through units both at \$0.05 per unit. Each unit consists of one share and one non-transferable share purchase warrant entitling the holder to purchase an additional share at \$0.10 per share in year one or two or \$0.15 per share in year three or \$0.20 per share in yearfour.

On March 22, 2010, the Company completed a private placement tranche of \$100,000 through the sale of 2,000,000 non-flow-through units priced at \$0.05 per unit. Each unit consists of one share and one non-transferable share purchase warrant entitling the holder to purchase an additional share at \$0.10 per share in year one or two or \$0.15 per share in year three or \$0.20 per share in yearfour.

#### *Year ended May 31, 2009*

On March 2, 2009, the Company completed a private placement of \$125,000 through the sale of 2,500,000 flow-through units at \$0.05 per unit. Each unit consists of one share and one non-transferable share purchase warrant entitling the holder to purchase an additional share at \$0.10 per share for two year.

#### *Flow Through Expenditures*

The Company has raised funds from the issuance of flow-through common shares whereby the Company has agreed to incur those funds on Canadian Exploration Expenses (CEE”) and renounce, to the shareholders, the tax benefits associated with CEE incurred. As of May 31, 2010, the Company was committed to spend approximately \$1,032,318 on qualifying CEE by December 31, 2010.

#### **Off-Balance Sheet Arrangements**

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

#### **Transactions with Related Parties**

Related party transactions 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. Amounts due to related parties are unsecured with no specific terms for repayment. For the year ended May 31, 2010:

Included in consulting fees was \$68,500 (2008 - \$95,100) paid to directors and officers.

A private company controlled by a director charged \$530,355 (2009 - \$520,000) in respect to general and office administration. The same company also charged and capitalized to mineral properties \$21,750 (2009 - \$19,950) for automobile rental, and \$24,000 (2009 - \$24,000) for core storage facilities. The Company has an administrative services agreement with the related

company for services to the Company including supervising and administering the financial requirements of the Company's business; producing quarterly and year end accounts in accordance with public reporting requirements; communicating with various regulatory authorities in order to ensure compliance with all applicable laws; assisting in the preparation of news releases, professional analysis and planning of exploration programs, promotional materials and other documents required to be disseminated to the public and responding to any requests for information or questions which may be posed by the public; providing access to secretarial services and legal consultation; providing office space, office furniture, boardroom facilities, access to photocopier, fax and such other amenities normally associated with office needs; and providing such other additional instructions and directions as the Company may require.

The Company was charged cost for exploration \$2,154 (2009 - \$19,303), administration \$323 (2009 - \$2,895) by a company with common directors for work done on the Chapleau claims.

Marketable securities held by the Company include shares of two companies with common directors.

### **Critical Accounting Estimates**

The preparation of financial statements in conformity with Canadian GAAP requires companies to establish accounting policies and to make estimates that affect amounts and timing of recording of assets, liabilities, revenues and expenses. Some of these estimates require judgments about subjects that are inherently uncertain.

Mineral properties consist of exploration and mining concessions, options and contracts. Acquisition and exploration costs are capitalized and deferred until such time as the property is put into production, or the property is disposed of either through sale or abandonment. If the property is put into production, the costs of acquisition and exploration will be written off over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the property and deferred exploration costs will be written off to operations. Recorded costs of mineral properties and deferred exploration expenditures are not intended to reflect present or future values of mineral properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management reviews capitalized costs on its mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or from sale of the property. Exploration costs renounced due to flow-through share subscriptions remain capitalized. However, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses. Mineral exploration tax credits are accounted for on a cash basis.

The Company provides certain share subscribers with a flow-through component for tax benefits available on qualifying Canadian exploration expenditures. Upon renunciation to the shareholders, the Company reduces share capital and records a temporary future income tax liability for the amount of the tax deduction renounced to shareholders. In instances where the Company has sufficient deductible temporary differences available to offset the future income tax liability created from renouncing qualifying expenditures, the realization of the deductible temporary differences will be shown as a recovery in operations in the period of renunciation.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

### **Changes in Accounting Policy**

Effective June 1, 2009, the Company adopted the following new CICA Handbook Sections on a prospective basis with no restatement to prior period financial statements:

- i) **Financial Instruments – Disclosures** CICA Handbook Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. Section 3863 disclosures enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. The three levels of the fair value hierarchy are:
  - Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
  - Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
  - Level 3 – Inputs that are not based on observable market data.
- ii) **Hedges**; specifies the criteria under which hedge accounting is permissible and how hedge accounting may be performed. As at May 31, 2010 and 2009, the Company had not designated any hedging relationships.

### **International Financial Reporting Standards (“IFRS”)**

The Canadian Accounting Standards Board confirmed January 1, 2011 as the date IFRS will replace Canadian standards and interpretations as Canadian Generally Accepted Accounting Principles (Canadian GAAP) for publicly accountable enterprises (which includes investment funds and other reporting issuers). Changing from the Current Canadian GAAP to IFRS may materially affect an issuer's reported financial position and results of operations. It may also affect certain business functions. The Company's transition date of June 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for the year commencing June 1, 2010.

The conversion from Canadian GAAP to IFRS will require the implementation of a new set of accounting standards, and the internal controls over financial reporting will need to address the initial reporting of IFRS financial statements, including related note disclosures, as well as on-going financial reporting. The Company is working through a planned IFRS transition plan. The first stage was for management and the accounting department to be introduced to IFRS. The Company's management and accounting team have attended IFRS workshops and have purchased IFRS implementation resources to aid in the transition process. The Company is currently in the second stage and is assessing what the impact of these changes will have on the Company's financial reporting. The accounting team plans to prepare a June 1, 2010 transition date opening balance sheet in accordance with IFRS in the 2011 fiscal year to assist with determining the accounting policies best suited for financial reporting. Management will be

relying on outside consultants and auditors to assist with the transition where sufficient technical expertise does not exist in-house.

The following accounting policies will or may impact the Company's financial reporting under IFRS:

#### Exploration for and Evaluation of Mineral Resources

The Company is in the exploration stage and under Canadian GAAP currently capitalizes all costs related to the acquisition and exploration of its mining rights. Management regularly reviews the carrying value of its mineral rights for evidence of impairment, and makes a provision when the carrying values are estimated to exceed their net recoverable amounts.

Under IFRS 6 "*Exploration for and Evaluation of Mineral Resources*" exploration and evaluation assets shall continue to be measured at cost, but the Company will have to determine an accounting policy specifying which expenditures are to be recognized as exploration and evaluation assets, and then apply that policy consistently. This standard will not apply to expenditures incurred for investigating properties before the Company has the legal right to explore the property, nor to expenditures incurred in the development stage of a property once technical and economic feasibility are demonstrable.

In addition, under IFRS 6 and under International Accounting Standard (IAS) 36, "*Impairment of Assets*", the Company will be required to assess at the end of each reporting period whether there is any indication that the asset may be impaired. IFRS also allows the reversal of impairments if conditions that gave rise to those impairments no longer exist. Canadian GAAP prohibits reversal of impairment losses. It is expected therefore, that there will be increased volatility in impairment recognition due to increase in frequency of assessment and possibility of reversal of impairments.

#### Flow-Through Shares and Future Income Taxes

Under Canadian GAAP the Company records a future tax liability and a share issue cost at the time the expenditures are renounced to shareholders. There is currently no equivalent IFRS standard, and the policy is under review. The tax benefits renounced to shareholders are significant, and a change in accounting for flow-through share issues, and the resulting tax affect, could be material if it is determined that the Canadian standard should not be used. In addition to the future income tax adjustments that may result from a change in accounting for flow-through shares, there will be additional future income tax adjustments related to other policy changes, which could be significant.

#### Other Policy Differences

A number of differences between Canadian GAAP and IFRS have been identified, but their applicability and potential impact to the Company have not yet been assessed, including the accounting for income taxes, stock-based compensation, and financial instruments and disclosure requirements. These differences will or may have a material impact on the Company's financial statements for the year ending May 31, 2012.

#### System and Internal Control Impacts

In addition to the impact of IFRS on accounting policies, management is also in the process of assessing the impact of IFRS adoption on the Company's internal controls over financial

reporting, disclosure controls and procedures, information technology and data systems. As a preliminary assessment, the Company does not expect that the conversion to IFRS will have a significant impact on its accounting processes and internal controls, information technology and data systems.

As the review of the accounting policies is completed, appropriate changes to ensure the integrity of internal control over financial reporting will be made. For example, under IFRS 6 and IAS 36, discussed above, the Company will be required to assess at the end of each reporting period whether there has been any indication that the asset may be impaired. Additional controls will be needed to ensure that the recorded balance is fairly stated at each reporting period. It is anticipated that such controls will include senior management oversight on the development of key assumptions and variables.

### **Financial Instruments and Other Instruments**

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. As of the date hereof, the Company's investment in resource properties has full exposure to commodity risk, both upside and downside. As the metal price moves so to does the underlying value of the Company's metal projects.

### **Outstanding Share Data**

The authorized share capital consists of an unlimited number of common shares. As of May 31, 2010, an aggregate of 109,613,149 common shares were issued and outstanding.

The Company has the following warrants outstanding as of May 31, 2010:

<u>Number of shares</u>	<u>Price per share</u>	<u>Expiry Date</u>
2,500,000	\$0.10	March 3, 2011
2,250,000	\$0.10	June 16, 2011
2,700,000	\$0.10	July 14, 2011
275,000	\$0.10	September 22, 2011
7,100,000	\$0.05/\$0.10	September 30, 2010/2014
2,900,000	\$0.05/\$0.10	November 16, 2010/2014
10,000,000	\$0.10/\$0.10/\$0.15/\$0.20	December 28, 2010/2011/2012/2013
1,210,000	\$0.10/\$0.10/\$0.15/\$0.20	January 6, 2011/2012/2013/2014
8,800,000	\$0.10/\$0.10/\$0.15/\$0.20	February 1, 2011/2012/2013/2014
2,000,000	\$0.10/\$0.10/\$0.15/\$0.20	February 1, 2011/2012/2013/2014

As at May 31, 2010, the weighted average life of all warrants outstanding was 3.30 years and weighted average exercise price \$0.09 (2009 – 0.94 years and \$0.14).

The following summarizes information about the stock option outstanding as of May 31, 2010:

<u>Number of options</u>	<u>Price per option</u>	<u>Expiry Date</u>
2,855,000	\$0.10	April 24, 2011
1,530,000	\$0.10	November 1, 2012
1,335,000	\$0.10	February 26, 2014
2,975,000	\$0.10	February 11, 2017

At May 31, 2010 the options had a weighted average life remaining of 3.59 years and a weighted average exercise price of \$0.10 (2009 – 2.92 years and \$0.10)

### **Subsequent Events**

- Subsequently to May 31, 2010, \$62,500 was advanced to the Company by a company controlled by a director as a subscription advance for the next private placement to be completed by the Company.
- In September 2010, the Company announced that it will consolidate its shares, enabling it to raise funds without extensive dilution, which will allow it to aggressively move forward with a number of key gold projects as well as revive its existing uranium portfolio. The Board of Directors (the “Board”) believes the consolidation and subsequent changes in its approach to exploration management will bode well for the Company and its shareholders. The Board has unanimously approved a consolidation of its share capital on the basis of one (1) new common share for up to every existing eight (8) common shares (the "Consolidation"), subject to approval of the shareholders of the Company and regulatory approval. Where the exchange results in a fractional share, the number of common shares will be rounded to the nearest whole common share. The Board believes that the Consolidation will enhance the marketability of the common share as an investment and should facilitate additional financings to fund future operations. Shareholder approval of the proposed Consolidation will be sought at the Company's upcoming Annual General and Special shareholders Meeting to be held on October 18, 2010. The record date for the proposed Consolidation will be set subsequent to both the requisite shareholder and regulatory approvals being obtained. The Company currently has a total of 109,613,149 common shares issued and outstanding and no preferred shares. In the event the required shareholder and regulatory approvals are obtained and the Company effects the full one (1) new common share for every existing eight (8) common shares Consolidation, the Company would have a total 13,701,644 common shares issued and outstanding.

### **Investor Relations**

Directors and Officers of the Company all participate in a limited investor relations program. The Company attends trade shows for external promotional activities. Costs allocated to investor relations are comprised of promotional expenses incurred by Directors and Officers of the Company.

### **Disclosure Controls and Procedures**

Disclosure controls and procedures (“DC&P”) are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting (“ICFR”) are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with Canadian generally accepted accounting principles.

TSX Venture listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any

representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.