

COGITORE RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDING DECEMBER 31, 2009

The following discussion of the results of operations of Cogitore Resources Inc. ("the Company"), dated April 21, 2010, for the fiscal year ending December 31, 2009, and in comparison to the prior year, should be read in conjunction with the Company's Audited Financial Statements and accompanying notes for the years ended December 31, 2009 and December 31, 2008 prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All dollar amounts are presented in Canadian dollars. Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company's website at www.cogitore.com.

Description of Business

Cogitore Resources Inc. ("the Company"), formerly Woodruff Capital Management Inc., is a Tier-2 Mining Issuer engaged in the exploration of base metals in properties located in Quebec, Ontario and Newfoundland. The Company was incorporated on December 13, 2002, and is a reporting issuer in British Columbia, Alberta and Ontario. The Company's fiscal year end is December 31 and trades on the TSX Venture Exchange under the symbol WOO.

Forward-Looking Statements

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future price of base and precious metals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral resources; conclusions of economic evaluations; requirements for additional capital and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of mineral resources; future prices of precious and base metals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in precious and base metal exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such

statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Corporate Events

As permitted by the terms of the Purchase Agreement (the “Agreement”) between Atlas Precious Metals Inc. and its wholly-owned subsidiary (collectively, “Atlas”) and the Company signed June 14, 2005, the Company transferred a 70% interest in the Estrades Mine to Atlas in final satisfaction of its obligation to make a US\$950,000 payment in cash or common shares of the Company to Atlas on June 14, 2009, and a further payment of US\$1,450,000 in cash or common shares on June 14, 2010. After reviewing the results of the feasibility study for the Estrades project dated October 24, 2008, a copy of which has been publicly filed by the Company, the Company concluded that it was not in the best interests of its shareholders to expend additional resources to move ahead with the Estrades project at that time. The Company believed that, with continuing low zinc prices and an exceptionally difficult period of tight credit and lower investor risk tolerance, it should preserve its cash and present equity structure, and thus return the 70% interest to Atlas. The Company continues to own a 30% interest in the Estrades property and related assets.

On June 26, 2009 the Company announced that Alain Krushnisky was elected to the Company’s Board of Directors at the Company’s Annual General Meeting. Mr. Krushnisky is a financial consultant with almost twenty years experience working in the mining and exploration field, and who presently serves as Chief Financial Officer for four publicly listed junior exploration companies. Mr. Krushnisky is also a director of Majescor Resources Inc. and Orezone Gold Corporation. On joining the Board, Mr. Krushnisky was granted 150,000 options to purchase common shares of the Company at an exercise price of \$0.15 per share expiring June 25, 2014, vesting immediately.

On July 2, 2009, the Company announced that it had signed an agreement with Inmet Mining Corporation (“Inmet”), whereby Inmet immediately transferred to Cogitore all of its interest in the Selbaie West, Hébécourt, Landrienne and Castagnier projects (the “Properties”). Inmet kept a back-in right in these projects, with the following essential terms: a) the back-in interest would be 50%; b) the back-in right on any individual Property would be exercisable upon Cogitore delivering a pre-feasibility study accompanied by an independent NI-43-101 compliant mineral resource calculation; c) the exercise of the back-in right would apply to the whole Property and would be a one-time decision; d) to earn back a 50% interest in any given Property, Inmet would have to fund, with Cogitore as operator, the next round of exploration for twice the amount of expenditures made by Cogitore on that Property prior to the back-in being exercised; e) upon Inmet having earned-back its interest, a joint venture would be formed to develop the Property and Inmet would have the right to elect to become operator of the joint venture if and when a mine is built; f) if a deposit is put in production by Cogitore on any portion of a Property without Inmet having exercised its back-in right, Inmet would be entitled to receive a 1% NSR royalty on the entire Property with no further ability to back-in.

These Properties were part of an original agreement signed with Inmet in 2004 and which expired June 30, 2009. The Company had earned an interest in the Lemoine and Estrades projects within the five year time frame of the original agreement, but had not earned in on the remaining Properties that are the subject of this new agreement. These properties are all located in Quebec (except for four claims in Ontario) and host favourable felsic volcanic rocks with significant evidence of copper and zinc mineralization. The new agreement gives the Company a 100% ownership in four high potential VMS projects without any work commitment or cash payment, in addition to providing full flexibility in establishing work and expenditure schedules.

On August 6, 2009 the Company announced it had closed the non-brokered private placement of flow-through common shares announced in its press releases of July 15 and July 23, 2009. 5,000,000 flow-through common shares of the Company were issued at a price of \$0.12 per flow-through common share for aggregate gross proceeds of \$600,000 (the "Private Placement"). The Company paid a cash commission equal to 5% of certain gross proceeds of the Private Placement to participating registered dealers for an aggregate total of \$19,020. The proceeds of the Private Placement were used to fund the Company's 2009 exploration program. The flow-through common shares issued at closing were subject to resale restrictions pursuant to applicable securities laws requirements and notably to a hold period of four months plus one day from the closing date.

On December 1, 2009 the Company announced that it had been awarded the prestigious "Prospector of the Year" award for its Scott Lake project by the Association de l'Exploration Minière du Québec ("AEMQ"), during the annual awards ceremony at "Québec Exploration 2009", organized by the AEMQ and the Ministère des Ressources Naturelles et de la Faune du Québec. The prize is awarded annually to underline the importance of a new discovery which has a significant impact on exploration activity on the property and surrounding region.

On December 22, 2009 the Company announced that it had closed the non-brokered private placement of flow-through common shares announced in its press release of December 15, 2009. 3,020,600 flow-through common shares of the Company were issued at a price of \$0.35 per flow-through common share for aggregate gross proceeds of \$1,057,210 (the "Private Placement"). The Company paid a cash commission equal to 5% of certain gross proceeds of the Private Placement to participating registered dealers for an aggregate total of \$45,109.75. The proceeds of the Private Placement will be used to fund the Company's ongoing exploration program. The flow-through common shares issued at closing are subject to resale restrictions pursuant to applicable securities laws requirements and notably to a hold period of four months plus one day from the closing date. The transaction was exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of any common shares issued to or the consideration paid by such persons exceeded 25% of the Company's market capitalization.

2009 Exploration Program

Cogitore explores for VMS-type deposits in areas where such deposits have been found and mined before. Exploring in such areas is preferred because of existing infrastructure, knowledgeable local workforces and broad public support for mining. Collectively, these are major competitive advantages. The Company's project portfolio presently includes eight volcanogenic massive sulphide (VMS) projects located in easily accessible areas of Quebec and Ontario. Significantly, among these projects two are past-producers (Lemoine and Estrades) and one encloses five distinct massive sulphide lenses (Scott Lake).

2009 was the fourth complete year of exploration activities for the Company and a total of 13,465 metres were drilled on two projects. Drilling-related activities accounted for approximately 68% of 2009 expenditures. The exploration highlight for 2009 was the publication of NI-43-101 compliant mineral resources at Scott Lake and the discovery of a new high grade copper, zinc, gold and silver bearing massive sulphide deposit at the Estrades-Caribou project. Summaries of individual projects are presented below.

Scott Lake

The 100% owned Scott Lake project is located approximately 20 km west of the town of Chibougamau, Quebec. Chibougamau is a regional centre for forestry, mining and tourism, and is a rail head and hub for major road arteries. The Company initiated work at Scott Lake in 2006 and made its first massive sulphide discovery (“800 Lens”) during the first drill program. Subsequent drill programs in 2007 and 2008 were successful in delineating new massive sulphides and expanding known mineralization. In 2009, the drilling program was focused on expanding the new West Lens discovery made in late 2008.

A total of 8,886 metres were drilled at the Scott Lake project. The most significant results are tabled below:

Hole	From (m)	To (m)	Length (m)	Cu %	Zn %	Au g/t	Ag g/t	Remarks
SC-35	654.5	676.1	21.6	1.96	0.38	0.11	22.9	stringer sulphides along the West Lens
Including								
	664.6	670.7	6.1	4.20	1.09	0.19	49.7	stringer sulphides
SC-36	519.0	550.5	31.5	1.17	2.18	0.13	31.5	stringer sulphides along the 1750 Lens
Including								
	520.0	530.7	10.7	2.06	4.71	0.24	65.1	stringer sulphides
Including								
	526.7	527.7	1.0	10.30	19.35	0.05	243.0	massive sulphides
SC-37	503.3	506.3	3.0	1.51	2.53	0.12	30.6	massive sulphides, 1750 Lens
	506.3	525.5	19.2	0.41	1.44	0.04	9.2	stringer sulphides, 1750 Lens
	558.5	560.1	1.6	0.17	7.36	0.03	11.3	massive sulphides, West Lens
SC-39	660.2	689.3	29.1	0.44	2.23	0.20	25.3	stringer sulphides, West Lens
Including								
	660.2	672.5	12.3	0.59	3.80	0.38	40.0	stringer sulphides, West Lens
Including								
	662.4	663.6	1.2	0.57	15.10	0.04	33.8	massive sulphides, West Lens
SC-40	460.9	488.3	27.4	1.21	13.35	0.33	58.6	massive sulphides

Including								
	461.5	470.2	8.7	0.23	24.73	0.04	28.9	massive sulphides, zinc-rich top
And								
	470.2	479.5	9.3	2.54	7.90	0.77	109.1	massive sulphides, copper-rich core

The intercepts in holes SC-40 and SC-34 led Cogitore to propose that massive sulphides in the upper part of the West Lens are concentrated along a flat cigar-shaped zone, oriented east-west, with a relatively shallow plunge to the west. Based on this new interpretation, a drill program was laid out for the fall of 2009 with the objective of testing the lateral continuity of this zone of sub-horizontal massive sulphides along an east-west direction. Five holes were drilled with a 50 metres spacing to the east and to the west of holes SC-34 and SC-40. The results confirmed the new interpretation and the following assays were obtained:

Hole	From (m)	To (m)	Length (m)	Cu %	Zn %	Au g/t	Ag g/t	Remarks
SC-41	420.9	444.5	23.6	1.0	4.6	0.3	35.0	Combined massive and stringer sulphides
Including								
	421.0	432.8	11.8	0.9	7.9	0.3	33.5	massive sulphides
And								
	433.9	439.9	6.0	1.6	0.9	0.1	49.6	stringer sulphides
SC-42	514.7	577.5	62.8	1.2	7.6	0.3	49.7	Combined massive and stringer sulphides + barren dykes
including								
	514.7	549.2	34.5	1.8	9.4	0.4	69.5	Combined massive and stringer sulphides + barren dykes
including								
	541.9	549.2	7.3	4.5	4.6	0.6	137.6	stringer sulphides
SC-43	431.7	449.5	17.8	0.7	4.5	0.1	23.3	massive sulphides
	449.5	455.4	5.9	0.4	2.7	0.4	18.1	stringer sulphides
	469.5	474.6	5.1	1.9	1.1	0.1	31.1	stringer sulphides
SC-44	391.8	396.3	4.5	1.0	6.6	0.1	34.5	massive sulphides

	396.3	419.7	23.4	0.5	0.4	0.1	20.3	stringer sulphides + barren dykes
	419.7	426.05	6.3	0.1	10.1	0.1	23.1	stringer sulphides
SC-45	625.3	642.0	16.7	0.2	10.3	1.1	44.3	massive sulphides
including								
	625.3	629.3	4.0	0.1	24.8	0.1	45.2	massive sulphides

With the completion of these holes, consulting firm Scott Wilson Roscoe Postle (“SWRPA”) was mandated to create a 3D model of the West Lens and of other mineralized zones at Scott Lake and to evaluate the mineral resources. SWRPA used different cut-off values based on net smelter returns (“NSR”) to estimate the resources and came up with the following mineral resource estimates:

NSR cut-off sensitivity - Scott Lake Project

NSR cut-off (\$C/tonne)	Tonnes (inferred)	%Cu	%Zn	g/t Au	g/t Ag
\$60	5,599,000	0.9	4.0	0.2	30
\$80	3,597,000	1.1	5.2	0.3	36
\$100	2,540,000	1.2	6.4	0.3	40
\$120	1,901,000	1.3	7.3	0.3	44

Company’s management considers this mineral resource estimate to be a key milestone, although it only remains a first step in a longer process. Importantly, mineralization is open to the east, west and at depth. SWRPA also noted that approximately 70% of the mineralization is stringer-type and several large portions of combined stringer and massive sulphides may be amenable to less expensive bulk mining underground methods. The Company initiated a drilling program early in 2010 with the objective of further defining the shape and size of the mineralization and also expanding the tonnage.

Subsequent to year end, on March 31, 2010, the Company announced that a new massive sulphide zone was discovered at depth on a new stratigraphic horizon well outside of the published resource area. This is the sixth massive sulphide lens to be discovered on the property, and the third by Cogitore. The massive sulphides are underlain by a classic copper-enriched stringer zone associated with strong chlorite alteration. Assay results are shown below:

DDH SC-53 Section 2000W (weighted averages)

From (m)	To (m)	Length (m)	Cu %	Zn %	Au g/t	Ag g/t	Remarks
1026.8	1044.4	17.6	1.95	1.81	0.2	17.9	stringer and massive sulphides
Including							
1026.8	1030.1	3.3	2.26	3.30	0.4	23.7	massive sulphides

and							
1033.1	1044.4	11.3	2.25	1.59	0.2	18.8	stringer sulphides
Including							
1037.9	1044.4	6.5	2.99	1.72	0.2	26.0	stringer sulphides

As it is the first and only hole on this zone, the shape and true width cannot be determined with certainty.

This discovery was made while following up a borehole PEM anomaly detected in 2008 in drill hole SL-91-106E (see press releases of September 10, 2008 and October 15, 2009). The discovery intersection is located about 200 metres to the west of the West Lens and at a depth of 925 metres. Significantly, the massive sulphides are located at the top of a second rhyolite unit (“Tony rhyolite”) that is different than the Scott rhyolite which hosts the West Lens. The new rhyolite edifice is located 100 metres to the north of the Scott rhyolite. The new massive sulphide zone is wide open in all directions, and also has a high copper to zinc ratio, which indicates the existence of a higher temperature mineralizing system capable of producing high copper grades. Borehole geophysics suggests that SC-53 hit the edge of a larger conductor. Follow-up drilling on the SC-53 discovery will be conducted in the second quarter of 2010 along with the on-going program aimed at increasing the size, grade and confidence level of the published mineral resources in the West Lens.

Estrades

The Estrades project is located in Northwestern Quebec approximately 95 km southwest of Matagami, Quebec. The property includes four (4) distinct blocks: the **Estrades Block**, the **Newiska Block**, the **Estrades Mining Lease** and the **Caribou Project**. The Company's interest in the mining lease was reduced to 30% after the transfer of a 70% interest in favour of the original vendor in final satisfaction of certain obligations (see Corporate Events section above). The Estrades and Newiska blocks are subject to an April 23, 2004 agreement between Cogitore and Inmet Mining Corporation (“Inmet”), and whose present interests are 55% and 45% respectively. The Caribou project is subject to a 2007 agreement with IAMGOLD Corporation (“IAMGOLD”) allowing Cogitore to earn a 70% interest in IAMGOLD’s approximate 88% interest on the property. A portion of the Caribou claims is within an area of interest that is subject to the 2004 agreement with Inmet.

A new massive sulphide discovery was made in 2009 about 4 kilometres west of the Estrades deposit. The first hole of the program, CAR-02, intersected 1.7 metres of high grade massive sulphides at a depth of about 230 metres. A total of 4,579 metres was drilled in 10 holes. Two of the holes were deepening of old holes drilled in 1986 and 2005. Complete results of the program were released and discussed in press releases of February 5, February 26, and April 27, 2009. Five holes intersected massive sulphides and results (weighted averages) of these holes are tabled below:

Hole	From (m)	To (m)	Length (m)	Cu %	Zn %	Au g/t	Ag g/t
CAR-02	310.0	311.7	1.7	2.52	6.99	1.48	62.8
CAR-04	541.0	542.6	1.6	6.41	4.89	4.10	114.3
CAR-06	621.8	623.3	1.5	2.37	10.97	0.50	58.2

CAR-07	643.7	646.0	2.3	3.84	5.99	1.69	52.2
CAR-09	385.0	385.3	0.3	1.75	6.12	1.23	58.8

The massive sulphide lens appears to be drilled off to the west, but remains wide open at depth and to the east. The massive sulphides seem to form a continuous sheet approximately 400m in dip length (from 200m to 600m below surface) and with at least 400m in strike length. Although the massive sulphides intersected to date are relatively thin, they all have high grades of copper, zinc and silver and significant quantities of gold as well. Management of the Company is particularly pleased with the high copper grades, which normally indicate close proximity to a hydrothermal vent and potentially thicker accumulations of massive sulphides. The Company initiated a drilling program at Caribou early in 2010 with the objective of finding extensions to the massive sulphide discovery and to test a number of geophysical targets on strike with the Caribou massive sulphides.

Selbaie West, Hébecourt, Landrienne and Castagnier

These four projects were subject to the 2004 agreement with Inmet, but in 2009 the Company reached a new agreement with Inmet whereby Inmet transferred to Cogitore all of its interest in the Selbaie West, Hébecourt, Landrienne and Castagnier projects in exchange for a back-in right and a production royalty (see Corporate Events above for more details). No exploration work was carried out in 2009.

Outlook

The Company has developed a strategic focus on base metal exploration in prospective areas that also feature infrastructure favourable for mining development. Accordingly, it will focus its work in the Abitibi Belt of Quebec and Ontario, and in the Central Belt of Newfoundland. Management of the Company was particularly encouraged by the exploration results at Scott Lake and the new discovery at Caribou. The mineral resources published at the Scott Lake project represent an important milestone for the Company and generated new hopes for the Chibougamau mining camp. However, substantial drilling remains to be done before an underground exploration program can be initiated. In the meantime, Cogitore remains focused on its most advanced projects and is pursuing its aggressive exploration programs on projects that have the best chance to lead to a short term mineral discovery. The Company presently expects to spend approximately \$2,500,000 on exploration in 2010, including approximately \$1,400,000 at Scott Lake and \$800,000 at Estrades-Caribou, with a total budget of approximately \$3,200,000. The Company does not presently have enough cash to fund this present budget, and will have to return to the equity markets to raise the necessary funds in 2010. As per the Subsequent Events section below, subsequent to year end on April 8 and April 12, 2010, the Company announced that it had arranged a non-brokered private placement of flow-through common shares for aggregate gross proceeds of up to \$700,000 and a non-brokered private placement of non-flow through units for aggregate gross proceeds of up to \$580,000. The private placements are scheduled to close by April 30, 2010. The Company has no present plans for any material capital expenditures in 2010.

Subsequent Events

On January 21, 2010, the Company provided an update on the status of its offer to acquire certain assets of Campbell Resources Inc. and MSV Resources 2007 Inc. ("Campbell/MSV"), as described in its press release dated December 11, 2009. Since the Company submitted its offer, the proceedings initiated by Campbell/MSV under the *Companies' Creditors Arrangement Act* were discontinued and Pricewaterhouse Coopers Inc. ("PWC") has been appointed by the Québec Superior Court as receiver for the assets of

Campbell/MSV pursuant to section 243 of the *Bankruptcy and Insolvency Act*. The Company's original offer was not accepted, and the \$750,000 deposit was returned to the Company.

On April 8 and April 12, 2010 the Company announced that, subject to regulatory approval, it had arranged (i) a non-brokered private placement with accredited investors of up to 2,000,000 flow-through common shares at a price of \$0.35 per flow-through common share for aggregate gross proceeds of up to \$700,000 (the "Flow-Through Offering"), and (ii) a non-brokered private placement with accredited investors of up to 1,933,333 units at a price of \$0.30 per unit for aggregate gross proceeds of up to \$580,000 (the "Unit Offering" and together with the Flow-Through Offering, the "Offerings"). Each unit will consist of one common share and one-half common share purchase warrant. Each whole common share purchase warrant will entitle the holder to purchase one additional common share at a price of \$0.45 per common share for a period of eighteen months after the closing of the Unit Offering, or earlier pursuant to the acceleration terms set forth below.

If on any 20 consecutive trading days after the issuance of the common share purchase warrants, the closing sales price (or closing bid price on the days when there are no trades) of the common shares of the Company listed on the TSX Venture Exchange is greater than \$0.55, the expiry date of the common share purchase warrants shall accelerate and be automatically amended to be the 30th day after the date on which the Company gives notice to the warrant holder of such acceleration.

Although the Offerings are non-brokered, the Company may protect offers received from registered dealers for the Flow-Through Offering when accepted by the Company, and in such case the Company will pay a cash commission of 6% of the purchase price of such flow-through common shares. The Company will pay a due diligence fee and reimburse legal fees and expenses incurred by subscribers in connection with the Unit Offering of up to 3% of the aggregate gross proceeds of the Unit Offering.

The closing of the Offerings is subject to the receipt of all required regulatory approvals, including the approval of the TSX Venture Exchange. The Company is expecting the closing date for the Offerings to occur by April 30, 2010. All securities issued pursuant to the Offerings shall be subject to a hold period of four months from the date of closing.

The proceeds of the Flow-Through Offering will be used to fund the Company's ongoing exploration program, while the proceeds of the Unit Offering will be used to fund Company's ongoing exploration program and for general corporate purposes.

Statements of Exploration Properties and Deferred Exploration Expenditures

	Year ended December 31,		Cumulative from date of inception to December 31,
	2009	2008	2009
Estrades Mining Lease			
Opening balance	\$ 3,455,610	\$ 2,955,855	\$ -
Property acquisition costs	(31,450)	360,796	2,175,089
Travel, hotel and meals	-	-	607
Property maintenance	8	6,228	25,691
Geochemistry and geophysics	-	11,595	102,088
Drilling	-	250,548	928,737
Environment	5,793	39,060	44,853
Linecutting	-	-	8,865
General and geology	6,174	66,938	711,874
Professional fees	-	-	125,858
Regional office expenses	174	7,510	110,799
Quebec refundable tax credit and mining duties refund	(63,693)	(242,920)	(861,845)
Write-off of exploration expenditures	(3,372,616)	-	(3,372,616)
Activity during the period	(3,455,610)	499,755	-
Closing balance	\$ -	\$ 3,455,610	\$ -
Estrades (Inmet) Property			
Opening balance	\$ 1,533,163	\$ 1,099,101	\$ -
Property acquisition costs	2,174	-	6,109
Travel, hotel and meals	-	-	53
Property maintenance	3,393	3,201	15,839
Geochemistry and geophysics	6,297	39,247	256,692
Drilling	5,106	667,763	1,786,876
Environment	-	-	-
Linecutting	7,113	-	27,704
General and geology	4,202	47,024	304,557
Professional fees	-	-	-
Regional office expenses	2,005	30,038	138,408
Quebec refundable tax credit and mining duties refund	(31,847)	(353,211)	(1,004,632)
Write-off of exploration expenditures	-	-	-
Activity during the period	(1,557)	434,062	1,531,606
Closing balance	\$ 1,531,606	\$ 1,533,163	\$ 1,531,606

Statements of Exploration Properties and Deferred Exploration Expenditures (cont.)

	Year ended December 31,		Cumulative from date of inception to December 31,
	2009	2008	2009
Lemoine Property			
Opening balance	\$ 2,580,706	\$ 2,238,870	\$ -
Property acquisition costs	148	-	301,600
Travel, hotel and meals	-	357	4,901
Property maintenance	6,802	2,773	23,864
Geochemistry and geophysics	1,600	26,900	465,826
Drilling	(151)	585,785	2,253,887
Environment	-	-	-
Linecutting	-	-	58,408
General and geology	9,843	55,932	251,378
Professional fees	-	-	-
Regional office expenses	3,034	23,301	214,903
Quebec refundable tax credit and mining duties refund	(31,846)	(353,212)	(1,004,631)
Write-off of exploration expenditures	-	-	-
Activity during the period	(10,570)	341,836	2,570,136
Closing balance	\$ 2,570,136	\$ 2,580,706	\$ 2,570,136
Back-In Properties			
Opening balance	\$ -	\$ 1,380,756	\$ -
Property acquisition costs	-	1,000	308,596
Travel, hotel and meals	-	-	24,677
Property maintenance	11,053	7,030	52,308
Geochemistry and geophysics	4,839	27,850	188,916
Drilling	-	618,907	906,440
General and geology	14,221	54,111	724,525
Professional fees	-	-	56,951
Participant's share	-	-	1,223,726
Write-off of exploration expenditures	(33,673)	(2,112,207)	(2,621,639)
Regional office expenses	3,560	22,553	(42,697)
Quebec refundable tax credit and mining duties refund	-	-	(821,803)
Activity during the period	-	(1,380,756)	-
Closing balance	\$ -	\$ -	\$ -

Statements of Exploration Properties and Deferred Exploration Expenditures (cont.)

	Year ended December 31,		Cumulative from date of inception to December 31,
	2009	2008	2009
Scott Lake Project			
Opening balance	\$ 3,585,111	\$ 2,587,792	\$ -
Property acquisition costs	1,002	-	518,055
Travel, hotel and meals	1,328	1,163	8,936
Property maintenance	5,653	3,449	19,888
Geochemistry and geophysics	45,970	195,957	587,726
Drilling	1,169,923	1,032,463	4,090,411
Linecutting	7,428	-	67,640
General and geology	287,751	164,685	791,866
Professional fees	-	-	12,076
Regional office expenses	130,257	61,450	330,518
Quebec refundable tax credit and mining duties refund	(639,519)	(461,848)	(1,867,789)
Activity during the period	1,009,793	997,319	4,594,904
Closing balance	\$ 4,594,904	\$ 3,585,111	\$ 4,594,904
Long Lake Project			
Opening balance	\$ -	\$ 123,373	\$ -
Property acquisition costs	-	-	10,000
General and geology	-	-	323
Participant's share	-	30,422	138,823
Regional office expenses	-	2,713	7,362
Write-off of exploration expenditures	-	(156,508)	(156,508)
Activity during the period	-	(123,373)	-
Closing balance	\$ -	\$ -	\$ -
Normetal West Project			
Opening balance	\$ 815,155	\$ 330,472	\$ -
Property acquisition costs	14,607	5,065	63,160
Property maintenance	714	673	1,721
Geochemistry and geophysics	-	310,862	393,857
General and geology	9,344	79,426	223,832
Drilling	438	19,915	20,622
Linecutting	-	52,245	107,195
Travel	-	151	220
Regional office expenses	1,181	16,346	30,832
Activity during the period	26,284	484,683	841,439
Closing balance	\$ 841,439	\$ 815,155	\$ 841,439

Statements of Exploration Properties and Deferred Exploration Expenditures (cont.)

	Year ended December 31,		Cumulative from date of inception to December 31,
	2009	2008	2009
Caribou Project			
Opening balance	\$ 249,492	\$ 103,129	\$ -
Property acquisition costs	-	-	28,500
Property maintenance	5,124	6,233	13,468
Geochemistry and geophysics	60,411	80,497	181,548
General and geology	113,684	55,745	177,106
Drilling	540,410	74,392	615,057
Linecutting	1,063	-	21,536
Travel	269	-	269
Regional office expenses	42,512	1,155	47,140
Quebec refundable tax credit and mining duties refund	(287,913)	(71,659)	(377,360)
Activity during the period	475,560	146,363	707,264
Closing balance	\$ 725,052	\$ 249,492	\$ 725,052
Other Projects			
Opening balance	\$ -	\$ 1,027	\$ -
Participant's share	-	-	1,027
Write-off of exploration expenditures	-	(1,027)	(1,027)
Activity during the period	-	(1,027)	-
Closing balance	\$ -	\$ -	\$ -
TOTAL	\$ 10,263,137	\$ 12,219,237	\$ 10,263,127

Qualified Person

Work is carried out by the personnel of Cogitore Resources Inc., under the supervision of Gérald Riverin, PhD, P.Geo. He is a qualified person (as defined by National Instrument 43-101) and has more than 30 years of experience in VMS exploration.

Selected Financial Information

A summary of selected financial information for the years ended December 31, 2009, December 31, 2008, and December 31, 2007 is as follows:

	<u>Year Ended Dec. 31, 2009</u>	<u>Year Ended Dec. 31, 2008</u>	<u>Year Ended Dec. 31, 2007</u>
Total Revenue	\$0	\$0	\$0
Net Income (Loss)			
- Total	\$(3,335,435)	\$(2,154,018)	\$(291,883)
- Per Share	\$(0.07)	\$(0.06)	\$(0.01)
Total Assets	\$14,293,669	\$16,531,274	\$17,879,628
Long-Term Financial Liabilities	\$2,093,709 ⁽¹⁾	\$2,603,213 ⁽¹⁾	\$2,354,000 ⁽¹⁾

For the years ended 2009, 2008, and 2007 the Company reported no discontinued operations and declared no cash dividends.

- (1) The Company has adopted the recommendations of CICA Emerging Issues Committee Abstract 146, Flow-Through Shares (“EIC-146”). Under EIC-146, a future income tax liability should be recognized, and shareholders’ equity reduced, on the date that a company renounces the tax credits that are associated with resource expenditures, provided there is reasonable assurance that the expenditures will be made. As a result, the Company recognized a \$2,093,709 future income tax liability for the year ended December 31, 2009, a \$2,603,213 future income tax liability for the year ended December 31, 2008, and a \$2,354,000 future income tax liability for the year ended December 31, 2007.

The following table provides selected financial information that is derived from the unaudited interim financial statements and audited financial statements of the Company:

For the quarter ended	<u>March 31</u>	<u>June 30</u>	<u>Sept. 30</u>	<u>Dec. 31</u>
	\$	\$	\$	\$

2009

Revenue	-	-	-	-
Net Income (Loss)	(159,883)	(3,748,187)	(196,972)	769,607
Net Income (Loss) Per Share	(0.00)	(0.08)	(0.00)	0.01

2008

Revenue	-	-	-	-
Net Loss	(115,411)	(151,440)	(337,472)	(1,549,695)
Net Loss per Share	(0.00)	(0.00)	(0.01)	(0.04)

Additional Disclosure for Venture Corporations without Significant Revenue

The following table sets forth a breakdown of material components of the general and administration costs of the Company for the years ended December 31, 2009 and December 31, 2008:

	<u>Year ended December 31, 2009</u>	<u>Year ended December 31, 2008</u>
Interest & Bank Charges	\$1,937	\$2,613
Flow Through Taxes Paid	\$12,997	\$48,526
Office and General	\$49,094	\$72,201
Transfer agent, listing & filing fees	\$21,186	\$20,091
Salaries & Benefits	\$129,935	\$114,346
Rent	\$58,338	\$30,657
Shareholder/investor relations	\$195,884	\$171,956
Capital Tax	\$14,371	-
Corporate (New Project) Development	<u>\$35,863</u>	<u>\$32,196</u>
Total	\$519,605	\$492,586

Results of Operations

The Company's loss in 2009 was \$3,335,435 compared with an operating loss of \$2,154,018 for the same period in 2008. There were several reasons for this difference year over year. Most significantly, as noted in the Corporate Events section above, the Company transferred a 70% interest in the Estrades Mine to Atlas Precious Metals Inc. As such management wrote down aggregate exploration expenditures on the Estrades Mining Lease in the amount of \$3,372,616. The Company had total write downs in 2009 in the amount of \$3,406,288. Total write downs in 2008 amounted to \$2,269,742. Second, the Company had \$232,965 in stock-based compensation expenses in 2009 compared to \$27,634 in 2008. Third, the Company paid \$59,500 in director fees in 2009. The Company did not pay director fees in 2008. Finally, the Company had lower interest income in 2009 (\$3,327) compared to 2008 (\$80,830) as the Company had lower cash balances in 2009 and was receiving lower interest rates on these cash balances.

Over the last eight quarters most of the net losses have been fairly consistent. The main exceptions have been with respect to the fourth quarter of 2008 and second quarter of 2009, due to the write-off of a number of exploration properties as detailed above.

The costs of exploration properties and deferred exploration expenditures are carried at cost until they are brought into production, at which time the costs are depleted on a unit-of-production method based on proven and probable reserves. If a property is subsequently determined not to be economically viable, the property and related deferred costs are written down to net realizable value. As detailed earlier, the Company wrote down \$3,406,288 (2008 - \$2,269,742) in deferred exploration expenditures in 2009. In 2009 the Company had exploration expenditures of \$2,543,609 (2008 - \$5,151,464) before write downs and Quebec tax refund effects. In 2009 the Company spent \$1,649,312 on the Scott Lake Property and \$763,473 on Caribou (before Quebec tax refund effects). The remainder was split amongst the other properties.

Liquidity and Capital Resources

At December 31, 2009, the Company had working capital of \$3,029,234 compared to \$3,677,071 as at December 31, 2008. The Company anticipates receiving approximately \$1,304,066 in refundable tax credits and refundable mining duties from the Quebec government as a result of its exploration expenditures in Quebec during the year ended December 31, 2009 (this total includes refundable Mining Duties from 2007 and 2008). Working capital is being used for exploration as described under the Outlook section of this report and to support corporate overhead. The Company presently expects to spend approximately \$2,500,000 on exploration in 2010, including approximately \$1,400,000 at Scott Lake and \$800,000 at Estrades-Caribou, with a total budget of approximately \$3,200,000. The Company does not presently have enough cash to fund this present budget, and will have to return to the equity markets to raise the necessary funds in 2010. There is no assurance that such an initiative will be successful. As noted earlier, the Company announced a private placement of flow-through common shares and non-flow through units in April, 2010. Please see the Subsequent Events section for more details.

The Company is committed to spending approximately \$52,000 and \$1,057,000 associated with flow-through offerings that were completed on August 6, 2009 and December 22, 2009 respectively. The Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the requirements of the Income Tax Act (Canada). The Company will institute the look-back rule which will require the Company to spend the funds by the end of 2010.

Related Party Transactions

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

During the year ended December 31, 2009, the Company paid \$nil (2008 - \$50,000) to 2142058 Ontario Inc., a company controlled by an officer of the Company, for management services provided to the Company.

Summary of Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") and include the following significant accounting policies:

Cash

Cash is held in chequing accounts at a major financial institution.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is recorded on the declining balance basis at the following annual rates:

Computer equipment	30%
Office equipment	20%
Site building	4%

Exploration properties and deferred exploration expenditures

Amounts incurred in respect of exploration properties and deferred exploration expenditures are carried at cost until they are brought into production, at which time the costs are depleted on a unit of production method based on proven and probable reserves. If a property is subsequently determined not to be economically viable, the property and related deferred costs are written down to fair value. Other general exploration expenses are charged to operations as incurred. The cost of exploration properties abandoned or sold and their related deferred exploration costs are charged to operations in the corresponding year.

Costs include the cash consideration and the fair market value of the shares issued for the acquisition of exploration properties. The carrying value is reduced by option proceeds received until such time as the property cost and deferred expenditures are reduced to nominal amounts. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment.

Capitalization and impairment of exploration properties

The investment in and expenditures on exploration properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the attainment of successful production from the properties or from the proceeds of their disposal. The Company reviews its exploration properties on a regular basis to determine if events or changes in circumstances indicate that its carrying value may not be recoverable, in which case carrying value is written down to fair value. The recoverability of costs incurred on the exploration properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near term could require a change in the determination of the need for, and amount of, any write down.

The recognized amounts of such items are based on the Company's best information and judgment. Such amounts may change materially in the future as management continues to gather information.

Based on periodic reviews made by management and where the long-term expectation is that the net carrying amount of these capitalized exploration and development costs will not be recovered, the carrying amount is then written down accordingly and the write-down amount charged to operations. A write down would be indicated where, with respect to exploration properties: exploration activities have ceased; exploration results are not promising such that exploration will not be planned for the foreseeable future; lease ownership rights expire; or insufficient funding is available to complete the exploration program.

Asset retirement obligations

Future costs to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site are recognized and recorded as a liability at fair value at the date the liability is incurred. The liability is accreted over time to the estimated amount ultimately payable through periodic charges to earnings. In addition, future site restoration costs are capitalized as part of the carrying value of the related resource properties at its initial discounted value and amortized over the resource properties' useful life based on a units-of-production method. At December 31, 2009 and 2008, the Company has not incurred or committed to any asset retirement obligations and reclamation costs related to the development of its resource properties.

Flow-through financing

The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issuance of such shares have been credited to capital stock; the related exploration costs have been charged to exploration properties and deferred exploration expenditures. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciations reduce capital stock and a future tax liability is recorded.

Loss per share

Basic per share amounts are calculated using the weighted average number of common shares outstanding during the period. The treasury method is used to determine the dilutive effect of stock options and other dilutive instruments. Stock options and warrants outstanding were not included in the computation of diluted loss per share as their inclusion would have been anti-dilutive. Therefore, diluted loss per share and basic loss per share are the same for 2009 and 2008.

Stock-based compensation

The Company has a stock option plan that is described in *note 9* to the financial statements for the year ended December 31, 2009. The fair value of any stock options granted to directors, officers, consultants and employees is recorded as an expense or capitalized to exploration properties over the vesting period with a corresponding increase recorded to contributed surplus. The fair value of the stock-based compensation is determined using the Black-Scholes option pricing model and management's assumptions as disclosed in *note 9* to these financial statements. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to capital stock.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance against any portion of those future income tax assets that it believes will, more likely than not, fail to be realized.

Fair value hierarchy and liquidity risk disclosure

In June 2009, the Canadian Accounting Standards Board ("AcSB") issued an amendment to CICA Section 3862, "Financial Instruments – Disclosures" in an effort to make Section 3862 consistent with International Financial Reporting Standards Section 7 – Disclosures ("IFRS 7"). The purpose was to establish a framework for measuring fair value in GAAP and expand disclosures about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). These standards apply to interim and annual consolidated financial statements relating to fiscal years ending after September 30, 2009. The adoption of the new standard resulted in additional disclosures in the notes to the consolidated financial statements (refer to *note 4* to these financial statements).

Accounting policy choice for transaction costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The

adoption of this abstract had no impact on the Company's presentation of its financial position or results of operations as at and for the year ended December 31, 2009.

Goodwill and intangible assets

Effective January 1, 2009, the Company adopted CICA Section 3064 "Goodwill and Intangible Assets", which replaced CICA Handbook sections 3062, "Goodwill and Other Intangible Assets" and 3450, "Research and Development Costs", as well as EIC-27, "Revenues and Expenditures During the Pre-operating Period", and part of Accounting Guideline 11, "Enterprises in the development stage". Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under International Financial Reporting Standards ("IFRS"). The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets; 2) to establish the criteria for asset recognition and; 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing asset items that do not meet the recognition criteria is eliminated. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the new standard relating to goodwill remain unchanged.

The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations.

Credit risk and the fair value of financial assets and financial liabilities

In January 2009, the Emerging Issues Committee ("EIC") of the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations.

Future accounting changes

IFRS

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter of fiscal 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. The Company is currently in the process of evaluating the potential

impact of IFRS to its financial statements. This will be an ongoing process as the International Accounting Standards Board and the AcSB issue new standards and recommendations. It is anticipated that the Company's financial results and financial position as disclosed in the Company's current GAAP financial statements will not be significantly different when presented in accordance with IFRS.

IFRS Transition Plan

The Company has established a comprehensive IFRS transition plan and engaged third-party advisers to assist with the planning and implementation of its transition to IFRS. The following summarizes the Company's progress and expectations with respect to its IFRS transition plan:

Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS.	Complete.
Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 First-time Adoption of International Financial Reporting Standards.	Complete.
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	In progress, completion expected during Q1 2010
Resolution of the accounting policy change implications on information technology, business processes and contractual arrangements.	In progress, completion expected during Q2 2010
Quantification of the Financial Statement impact of changes in accounting policies.	Throughout 2010
Management and employee education and training.	Throughout the transition process

Impact of Adopting IFRS on the Company's Business

As part of its analysis of potential changes to significant accounting policies, the Company is assessing what changes may be required to its accounting systems and business processes. The Company believes that the changes identified to date are minimal and the current systems and processes can accommodate the necessary changes.

To date, the Company has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies.

The Company's staff and advisers involved in the preparation of financial statements are being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies. Employees of the Company that will be affected by a change to business processes as a result of the conversion to IFRS will also be trained as necessary.

The Board of Directors and Audit Committee have been regularly updated on the progress of the IFRS conversion plan, and made aware of the evaluation to date of the key aspects of IFRS affecting the Company.

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS generally requires retrospective application of IFRS standards as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has identified the following optional exemptions that it expects to apply in its preparation of an opening IFRS statement of financial position as at January 1, 2010, the Company's transition date ("Transition Date"):

- To apply IFRS 2 *Share-based Payments* only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IFRS 3 *Business Combinations* prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.
- To apply the transition provisions of IFRIC 14 *Determining whether an Arrangement Contains a Lease*, therefore determining if arrangements existing at the Transition Date contain a lease based on the circumstances existing at that date.
- To apply IAS 23 *Borrowing Costs* prospectively from the transition date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain qualifying assets.

Prior to reporting interim financial statements in accordance with IFRS for the quarter ended March 31, 2011, the Company may decide to apply other optional exemptions contained in IFRS 1.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date will be consistent with those made under current Canadian GAAP. If necessary, estimates will be adjusted to reflect any difference in accounting policy.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS will result in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At the present time however, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below.

1) *Exploration and Evaluation Expenditures*

IFRS currently allows an entity to retain its existing accounting policies related to the exploration for and evaluation of mineral properties, subject to some restrictions.

The Company expects to retain its current policy of deferring exploration and evaluation expenditures until such time as the properties are either put into commercial production, sold, determined not to be economically viable or abandoned. Therefore the Company does not expect that the adoption of IFRS will result in any significant change to the related line items within its financial statements.

2) *Impairment of (Non-financial) Assets*

IFRS, like Canadian GAAP, requires an assessment at each reporting date as to whether there are indicators of impairment of deferred exploration and evaluation costs. The factors considered under IFRS are quite similar to Canadian GAAP, but there are some differences.

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of deferred exploration costs will be changed to reflect these differences, however the Company does not expect this change will have an immediate impact to the carrying value of its assets. the Company will perform impairment assessments as at the Transition Date in accordance with IFRS.

3) *Foreign Currency*

IFRS requires that the functional currency of the Company, and its subsidiaries be determined separately, and the factors considered to determine functional currency are somewhat different than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to foreign currency that would result in a significant change to line items within its financial statements at the Transition Date.

4) *Share-based Payments*

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to share-based payments that would result in a significant change to line items within its financial statements.

5) *Asset Retirement Obligations (Decommissioning Liabilities)*

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities will be changed to reflect these differences, however the Company does not expect this change will have an immediate impact to the carrying value of its assets.

6) *Property and Equipment*

IFRS contains different guidance related to recognition and measurement of property and equipment than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to property and equipment that would result in a significant change to line items within its financial statements.

7) *Income Taxes*

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes.

The Company does not expect any changes to its accounting policies related to income taxes that would result in a significant change to line items within its financial statements.

Subsequent Disclosures

Further disclosures of the IFRS transition process are expected as follows:

- The Company's Management Discussion and Analysis for the 2010 interim periods and the year ended December 31, 2010 will include updates on the progress of the transition plan, and, to the extent known, further information regarding the impact of adopting IFRS on key line items in the annual financial statements.
- The Company's first financial statements prepared in accordance with IFRS will be the interim financial statements for the three months ending March 31, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending March 31, 2011 will also include 2010 financial statements for the comparative period, adjusted to comply with IFRS, and the Company's transition date IFRS statement of financial position (as at January 1, 2010).

Business combinations, consolidated financial statements and non-controlling interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or

after January 1, 2011. Section 1582, "Business Combinations" replaces section 1581, "Business Combinations", and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - "Business Combinations". Sections 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling interests", together replace section 1600, "Consolidated Financial Statements". Section 1601, establishes standards for the preparation of consolidated financial statements and applies to interim and annual consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, "Consolidated and Separate Financial Statements". The Company is in the process of evaluating the requirements of the new standards.

Capital management

The Company defines capital that it manages as its shareholders' equity. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. As at December 31, 2009, total shareholders' equity (managed capital) was \$11,465,091 (December 31, 2008 - \$13,568,815).

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) minimizing discretionary disbursements; and
- (ii) focusing financing exploration expenditures on those properties considered to have the best potential.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

There were no changes in the Company's approach to capital management during the years ended December 31, 2009 and 2008. The Company is not subject to externally imposed capital requirements.

Property and financial risk factors affecting financial instruments

(a) Property risk

The Company's significant mineral properties are the Estrades Property, Lemoine Property, Scott Lake Project, Normetal West Project and Caribou Project (the "Projects"). Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon these Projects. If no additional mineral properties are acquired by the Company, any adverse development affecting the Projects would have a material adverse effect on the Company's financial condition and results of operations.

(b) Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and commodity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, sundry receivables, Quebec refundable tax credit and mining duty refund, and restricted cash. The Company has no significant concentration of credit risk arising from operations. Cash is held in higher yield chequing accounts at a major financial institution, from which management believes the risk of loss to be minimal. Restricted cash consists of a guaranteed investment certificate, which has been invested with a reputable financial institution, and a refundable deposit on a future asset purchase. The deposit was returned to the Company subsequent to year end (see Subsequent Event section above).

Sundry receivables consist mostly of goods and services tax refunds due from the Federal Government of Canada and sales tax refunds due from the Quebec Government. Quebec refundable tax credits and mining duty refunds consist of tax refunds from the Quebec Government for incurring exploration expenditures in Quebec. Sundry receivables and Quebec refundable tax credit and mining duty refund are in good standing as of December 31, 2009. The Company received the 2007 Quebec Mining Duty refund after year end. Management believes that the credit risk with respect to sundry receivables and Quebec refundable tax credit and mining duty refund is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company generates cash flow primarily from its financing activities. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. As at December 31, 2009, the Company had a cash balance of \$1,603,078 (December 31, 2008 - \$2,400,642) to settle current liabilities of \$734,869 (December 31, 2008 - \$359,246). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. The Company is committed to spending eligible exploration expenditures of approximately \$1,109,000 resulting from the non-brokered private placements of flow-through common shares disclosed in the Corporate Events section above.

Market risk

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in high yield savings accounts and guaranteed investment certificates. The Company regularly monitors its cash management policy.

Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company presently has relatively little exposure to foreign currency risk.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to precious and base metals, to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

The Company has designated, for accounting purposes, its cash and restricted cash as held-for-trading, which are measured at fair value. Sundry receivables and Quebec refundable tax credit and mining duty refund are classified for accounting purposes as loans and receivables, which are measured at amortized cost and are equal to fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost and is also equal to fair value.

As of December 31, 2009, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period:

(i) Cash and restricted cash are subject to floating interest rates. The Company has no debt and receives low interest rates on its cash balances. As such the Company does not have significant interest rate risk.

(ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious and base metals. Precious and base metals prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of precious and base metals may be produced in the future, a profitable market will exist for them. As of December 31, 2009, the Company was not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Fair value hierarchy and liquidity risk disclosure

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2009.

	Level 1	Level 2	Level 3	Total
Cash	\$1,603,078	\$-	\$-	\$1,603,078
Restricted Cash	\$780,000	\$-	\$ -	\$780,000
	\$2,383,078	\$-	\$-	\$2,383,078

Outstanding Share Data

As at the date of this report, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

	<u>Authorized</u>	<u>Outstanding</u>
Voting or Equity Securities Issued and Outstanding	Unlimited Common Shares	53,347,553 Common Shares
Securities convertible or exercisable into voting or equity securities-stock options	Stock Options to acquire up to 10% of outstanding Common Shares	Stock options to acquire 3,592,000 Common Shares

The Company has no warrants outstanding as at December 31, 2009.

Risk and Uncertainties

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. The risks below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

Nature of mineral exploration and mining

At the present time the Company does not hold any interest in a mining property in production. The Company's viability and potential success is based on its ability to develop, exploit and generate revenue from mineral deposits. The exploration and development of mineral deposits involve significant financial risk over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on exploration properties in which the Company has an interest will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incident to exploration and development of mineral properties, any of which could result in damage to life and property, the environment and possible legal liability for any and all damage. The activities of the Company may be subject to prolonged disruptions due to weather conditions depending on the location of the operations in which the Company has interests. Hazards, such as unusual or unexpected geological structures, rock bursts, pressure, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or associated with compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Fluctuating Prices

Factors beyond the control of the Company may affect the marketability of gold or any other minerals discovered. Commodity prices have fluctuated widely and are affected by numerous factors beyond the Company's control. The effect of these factors cannot accurately be predicted.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry out the activities which it is currently conducting under applicable laws and regulations and the Company believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its projects.

Competition

The mineral exploration and mining business is competitive in all its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and the acquisition of attractive mineral properties, the acquisition of mining equipment and related supplies and the attraction and retention of qualified personnel. The ability of the Company to acquire properties, purchase required equipment, and hire qualified personnel in the future will depend not only on its ability to develop its present properties, but also on its ability to identify, arrange, negotiate, select or acquire suitable properties or prospects for mineral exploration, source suitable equipment and hire qualified people. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects, sourcing equipment or hiring people.

Environmental and Climate Change Regulation

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations. The impacts of the Kyoto Protocol are difficult to predict and are not yet fully understood. Such impacts may have an adverse effect on the capital and operating cost of the Company's operations or those of its future customers that may materially affect future operations.

Aboriginal Title and Rights Claims

Aboriginal title and rights may be claimed with respect to Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company is not aware of any aboriginal land claims having been formally asserted or any legal actions relating to aboriginal issues having been instituted with respect to the properties. There can be no assurance that title and rights claims will not be asserted in the future in respect of the Company's properties. The Company is aware of the mutual benefits afforded by co-operative relationships with indigenous people in conducting exploration and development activity and is supportive of measures established to achieve such cooperation including preferential hiring practices, local business development activities, involvement in environmental stewardship and other forms of accommodation. In addition, other parties may dispute the Company's title to the properties and the properties may be subject to prior unregistered agreements or transfers or land claims by aboriginal peoples, and title may be affected by undetected encumbrances or defects or government actions.

Estimates of mineral resources may not be realized

The mineral resource estimates published from time to time by the Company with respect to its properties are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geological, metallurgical or engineering work, and work interruptions, among other things. Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of operations. There can be no assurance that minerals recovered in small-scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations.

Dependence on key personnel

The Company is dependent on the services of its senior management and a small number of skilled and experienced employees and consultants. The loss of any such individuals could have a material adverse effect on the Company's operations.

Limited financial resources

The existing financial resources of the Company are not sufficient to bring any of its properties into commercial production. The Company will need to obtain additional financing from external sources in order to fund the development of its properties. There is no assurance that the Company will be able to obtain such financing on favourable terms, or at all. Failure to obtain financing could result in delay or indefinite postponement of further exploration and development of the Company's properties.