

COGITORE RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDING JUNE 30, 2010

The following discussion of the results of operations of Cogitore Resources Inc. ("the Company"), dated August 25, 2010, for the quarter ending June 30, 2010, and in comparison to the prior year, should be read in conjunction with the Company's audited Financial Statements and accompanying notes for the year ended December 31, 2009 and the unaudited Financial Statements for the quarters ended June 30, 2010 and June 30, 2009, 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 at the Company's website 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 gold, silver and copper; 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.

2010 Second Quarter Corporate Events

On April 30, 2010, the Company announced that it had closed (i) the non-brokered private placement of flow-through common shares (the “Flow-Through Offering”) and (ii) the non-brokered private placement of units (the “Unit Offering”, and together with the Flow-Through Offering, the “Offerings”), announced in its press releases of April 8 and April 12, 2010.

2,000,000 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 \$700,000. The Company paid a cash commission equal to 6% of certain gross proceeds of the Flow-Through Offering to participating registered dealers for an aggregate total of \$26,760. 1,933,335 units of the Company were issued at a price of \$0.30 per unit for aggregate gross proceeds of \$580,000, each unit consisting of one common share of the Company 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 following the closing date, or earlier pursuant to the acceleration terms previously disclosed. The Company paid a due diligence fee (including legal fees and expenses) incurred by subscribers in connection with the Unit Offering equal to \$18,288.

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 the Company’s ongoing exploration program and for general corporate purposes.

The common shares and common share purchase warrants issued at closing are, and the common shares issued upon exercise of the common share purchase warrants will be, 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 Flow-Through Offering 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.

2010 Second Quarter Exploration Activities

The 2010 exploration program continued at the Scott Lake project with some limited field work done at other projects. As at the end of the second quarter, a cumulative total of 11,970 metres had been drilled in 2010 on the Company's projects. The highlight of the second quarter was a 26.7 metre thick high grade massive sulphide intersection confirming the discovery of a new massive sulphide lens at Scott Lake.

Scott Lake

The Company continued drilling at its 100% owned Scott Lake project located near the towns of Chibougamau and Chapais in Quebec. A total of 2,833 metres were drilled with one drill rig during the quarter. The relatively small meterage achieved in the quarter reflects the depths of the holes and the large number of deviation wedges that were set in the various holes. These wedges were used in part to control deviation but also as a cost saving strategy as the Company established that in many cases it is cheaper and more efficient to obtain wedge cuts from existing holes rather than drill new holes.

The two objectives of the drilling were to test the extension of the West Lens at relatively shallow depths to the east of the published resources, and to confirm the new discovery announced in the previous quarter (March 31, 2010 press release).

Drilling along the eastern extension of West Lens has intersected a number of massive and stringer sulphide intervals which are still being interpreted and will be incorporated in a revised resource model later in the year. Some of the more significant intervals not released yet are tabled below:

Hole	From (m)	To (m)	Length (m)	Cu %	Zn %	Au g/t	Ag g/t	Remarks
SC-30W3	598.3	638.6	35.4	1.0	2.5	0.2	40.4	massive sulphides
SC-54	245.1	247.7	2.6	0.8	5.4	0.2	21.4	massive sulphides
	256.6	259.0	2.4	0.6	3.5	0.3	16.1	massive sulphides
	273.9	285.7	11.8	0.6	7.0	0.4	27.1	massive sulphides
	362.0	364.1	2.1	1.1	4.3	0.5	38.4	stringer sulphides

Hole SC-30W3 was a wedge cut drilled to follow-up the original SC-30 intersection released in 2008 (25.1 metres grading 2.0% Cu, 1.0% Zn, 0.2 g/t Au and 52.5 g/t Ag). The SC-30W3 intersection demonstrated continuity of massive sulphide mineralization at least 20 metres to west of the original SC-30 massive sulphides while other wedge-cuts above and to the east did not hit mineralization. Wedging of other holes is being considered to follow-up the zone further at depth and to the west. Hole SC-54 was drilled in the Central Lens area about 100 metres east of hole SC-18, which had returned 3.9 metres of massive sulphides grading 0.6% copper and

8.2% zinc. In order to assess the continuity of mineralization and eventually estimate resources in the Central Lens area, detailed borehole geophysics is planned to establish whether the sulphides in SC-18 and SC-54 are physically connected. Finally, hole SC-55 was drilled as a big step-out 500 metres to the east of SC-54. SC-55 did not intersect massive sulphides but did intersect stringer mineralization that included a narrow interval of 18% zinc over 20 centimetres.

New Discovery – CFO Lens

As a follow-up to discovery hole SC-53 (see press release of March 31, 2010: 1.9% copper and 1.8% zinc over 17.6 metres) SL-93-106W yielded a significant intercept of 26.7 metres of massive sulphides grading 2.1% copper, 5.2% zinc, 0.3 g/t Au and 24.9 g/t Ag at a vertical depth of 1013 metres (see June 17, 2010 press release). This massive sulphide intersection lies about 125 metres down and to the west of discovery hole SC-53 and confirms the presence of a potentially significant new massive sulphide lens which is named the “CFO” Lens. Follow-up drilling is currently in progress and the Company expects to be drilling the CFO Lens sector over the next few months.

Company management is highly encouraged by the substantial thickness and grade of the massive sulphides in hole SL-93-106W. The CFO Lens remains open in several directions and the increase in thickness combined with the 125 metre step-out from SC-53 suggests potential for significant tonnage. The Company’s objective at Scott Lake is to increase mineral resources prior to a preliminary scoping study.

Normetal West

Subsequent to quarter end, an option agreement was signed with Vismand Exploration Inc., a privately-owned Canadian corporation focused on base metal exploration, whereby Vismand has the option to acquire a 50% interest in the Company’s Normetal West Property (see Subsequent Event section below for more details on the agreement). The terms of the agreement include a firm commitment of 2,000 metres of diamond drilling within the first year, which will ensure this project is moved forward while the Company concentrates its efforts and resources on the Scott Lake Property.

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. Management of the Company remains very encouraged by the exploration results at Scott Lake, particularly by the new CFO Lens discovery. The on-going work at Scott Lake is aimed at increasing mineral resources with the objective of updating the resource inventory and evaluating the possibilities of underground exploration. 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 Company budget of approximately \$3,200,000. Firm exploration expenditures of \$1 million are to be incurred by Vismand Exploration Inc. on the Normetal West Property during the first year of the agreement (see Subsequent Event section below). The Company has enough cash to fund this present budget. However, should the Company wish to expand its present

budget, it would have to return to the equity markets to raise the necessary funds. The Company has no present plans for any material capital expenditures in 2010.

Subsequent Event

On July 6, 2010, the Company announced it had entered into an option agreement (the "Agreement") with Vismand Exploration Inc. ("Vismand"), whereby Vismand has the option to acquire a 50% interest in the Company's Normetal West Property (the "Property", or "Normetal West"). Under the terms of the Agreement, Vismand has an option to acquire a 50% interest in the Property by incurring an aggregate amount of \$1,275,000 in exploration and development expenditures on the Property and by making an aggregate of \$150,000 in earn-in payments. In order to maintain and exercise its option, Vismand must (i) incur expenditures as follows: (a) \$58,000 on or before November 30, 2010; (b) \$942,000 on or before the first anniversary of the effective date of the Agreement; and (c) \$275,000 on or before the second anniversary of the Effective Date; and (ii) make earn-in payments totalling \$150,000 to the Company as follows: (a) \$25,000 on the effective date of the Agreement; (b) \$25,000 on or before the first anniversary of the effective date of the Agreement; (c) \$25,000 on or before the second anniversary of the effective date of the Agreement; and (d) \$75,000 on or before 180 days following the second anniversary of the effective date of the Agreement.

If Vismand exercises its 50% option in the Property, the Company and Vismand will form a joint venture for the further exploration and development of the Property, with each party bearing its proportionate share of costs. If the interest of either party in the Property falls to 15% or less, it will revert to a 1% net smelter return royalty, but only if such party has contributed at least \$2,000,000 in expenditures or joint venture funding at the time of the reduction of such participating interest in the Property.

Completion of the transaction contemplated in this release is subject to certain conditions, including, without limitation, completion of satisfactory due diligence by Vismand with respect to the Property and receipt of all necessary regulatory approvals.

COGITORE RESOURCES INC.

(A Development Stage Company)

Interim Statements of Exploration Properties and Deferred Exploration Expenditures

	Three months ended		Six months ended		Cumulative from date of inception to June 30, 2010
	2010	2009	2010	2009	
Estrades Project					
Opening balance	\$ -	\$ 3,427,424	\$ -	\$ 3,455,610	\$ -
Property acquisition costs	-	-	-	(31,546)	2,175,089
Travel, hotel and meals	-	-	-	-	607
Property maintenance	-	-	-	-	25,691
Geochemistry and geophysics	-	-	-	-	102,088
Drilling	-	-	-	-	928,737
Environment	-	-	-	-	44,853
Linecutting	-	-	-	-	8,865
General and geology	-	1,721	-	5,062	711,874
Professional fees	-	-	-	-	125,858
Regional office expenses	-	152	-	171	110,799
Quebec refundable tax credit and mining duties refund	-	(63,693)	-	(63,693)	(861,845)
Write-off of exploration expenditures	-	(3,365,604)	-	(3,365,604)	(3,372,616)
Activity during the period	-	(3,427,424)	-	(3,455,610)	-
Closing balance	\$ -	\$ -	\$ -	\$ -	\$ -
Estrades (Inmet) Property					
Opening balance	\$ 1,800,680	\$ 1,537,717	\$ 1,531,606	\$ 1,533,163	\$ -
Property acquisition costs	-	2,174	-	2,174	6,109
Travel, hotel and meals	-	-	-	-	53
Property maintenance	2,470	234	2,470	409	18,309
Geochemistry and geophysics	11,663	-	55,082	950	311,774
Drilling	(4,849)	-	198,490	193	1,985,366
Environment	-	-	-	-	-
Linecutting	-	-	-	-	27,704
General and geology	7,772	(1,704)	19,519	1,451	324,076
Professional fees	-	-	-	-	-
Regional office expenses	995	491	11,564	572	149,972
Quebec refundable tax credit and mining duties refund	-	(63,693)	-	(63,693)	(1,004,632)
Write-off of exploration expenditures	-	-	-	-	-
Activity during the period	18,051	(62,498)	287,125	(57,944)	1,818,731
Closing balance	\$ 1,818,731	\$ 1,475,219	\$ 1,818,731	\$ 1,475,219	\$ 1,818,731

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(A Development Stage Company)

Interim Statements of Exploration Properties and Deferred Exploration Expenditures

	Three months ended June 30,		Six months ended June 30,		Cumulative from date of inception to June 30,
	2010	2009	2010	2009	2010
Lemoine Property					
Opening balance	\$ 2,572,850	\$ 2,586,632	\$ 2,570,136	\$ 2,580,706	\$ -
Property acquisition costs	-	-	-	-	301,600
Travel, hotel and meals	-	-	-	-	4,901
Property maintenance	156	1,482	260	4,882	24,124
Geochemistry and geophysics	-	-	-	750	465,826
Drilling	(490)	684	1,773	887	2,255,660
Environment	-	-	-	-	-
Linecutting	-	-	-	-	58,408
General and geology	17	2,351	265	3,844	251,643
Professional fees	-	-	-	-	-
Regional office expenses	4	874	103	954	215,006
Quebec refundable tax credit and mining duties refund	-	-	-	-	(1,004,631)
Write-off of exploration expenditures	-	-	-	-	-
Activity during the period	(313)	5,391	2,401	11,317	2,572,537
Closing balance	\$ 2,572,537	\$ 2,592,023	\$ 2,572,537	\$ 2,592,023	\$ 2,572,537
Back-In Properties					
Opening balance	\$ -	\$ -	\$ -	\$ -	\$ -
Property acquisition costs	-	-	-	-	308,596
Travel, hotel and meals	-	-	-	-	24,677
Property maintenance	3,120	3,120	4,160	4,270	56,468
Geochemistry and geophysics	-	-	-	-	188,916
Drilling	3,509	-	3,509	-	909,949
General and geology	3,960	574	4,568	4,266	729,093
Professional fees	-	-	-	-	56,951
Participant's share	-	-	-	-	1,223,726
Write-off of exploration expenditures	(11,098)	(3,713)	(12,777)	(8,802)	(2,634,416)
Regional office expenses	509	19	540	266	(42,157)
Quebec refundable tax credit and mining duties refund	-	-	-	-	(821,803)
Activity during the period	-	-	-	-	-
Closing balance	\$ -	\$ -	\$ -	\$ -	\$ -

COGITORE RESOURCES INC.

(A Development Stage Company)

Interim Statements of Exploration Properties and Deferred Exploration Expenditures

	Three months ended June 30,		Six months ended June 30,		Cumulative from date of inception to June 30,
	2010	2009	2010	2009	2010
Scott Project					
Opening balance	\$ 4,965,462	\$ 4,062,730	\$ 4,594,904	\$ 3,585,111	\$ -
Property acquisition costs	-	780	-	780	518,055
Travel, hotel and meals	821	406	997	564	9,933
Property maintenance	2,600	1,118	2,808	4,318	22,696
Geochemistry and geophysics	13,130	15,050	56,985	42,970	644,711
Drilling	256,661	72,076	522,111	439,784	4,612,522
Linecutting	-	-	2,293	-	69,933
General and geology	67,746	65,151	126,043	124,679	917,009
Professional fees	-	-	-	-	12,076
Regional office expenses	34,307	29,848	53,612	48,953	384,130
Quebec refundable tax credit and mining duties refund	-	(63,693)	(19,026)	(63,693)	(1,851,238)
Activity during the period	375,265	120,736	745,823	598,355	5,340,727
Closing balance	\$ 5,340,727	\$ 4,183,466	\$ 5,340,727	\$ 4,183,466	\$ 5,340,727
Normetal West Project					
Opening balance	\$ 847,874	\$ 817,305	\$ 841,439	\$ 815,155	\$ -
Property acquisition costs	-	-	-	-	63,160
Property maintenance	468	-	468	-	2,189
Geochemistry and geophysics	-	-	-	-	393,857
General and geology	13,202	3,902	19,368	5,642	243,200
Drilling	6	98	14	438	20,636
Linecutting	-	-	-	-	107,195
Travel	21	-	21	-	241
Regional office expenses	1,051	682	1,312	752	32,144
Activity during the period	14,748	4,682	21,183	6,832	862,622
Closing balance	\$ 862,622	\$ 821,987	\$ 862,622	\$ 821,987	\$ 862,622

COGITORE RESOURCES INC.

(A Development Stage Company)

Interim Statements of Exploration Properties and Deferred Exploration Expenditures

	Three months ended June 30,		Six months ended June 30,		Cumulative from date of inception to June 30,
	2010	2009	2010	2009	2010
Caribou Project					
Opening balance	\$ 1,307,580	\$ 879,747	\$ 725,052	\$ 249,492	\$ -
Property acquisition costs	-	-	-	-	28,500
Property maintenance	676	-	676	2,725	14,144
Geochemistry and geophysics	33,487	11,100	67,375	53,650	248,923
General and geology	15,470	25,183	45,971	64,905	223,077
Drilling	(92,728)	2,563	416,111	523,812	1,031,168
Linecutting	-	-	-	-	21,536
Travel	-	-	-	-	269
Regional office expenses	2,740	10,294	21,553	34,303	68,693
Quebec refundable tax credit and mining duties refund	-	-	(9,513)	-	(369,085)
Activity during the period	(40,355)	49,140	542,173	679,395	1,267,225
Closing balance	\$ 1,267,225	\$ 928,887	\$ 1,267,225	\$ 928,887	\$ 1,267,225
TOTAL	\$ 11,861,842	\$ 10,001,582	\$ 11,861,842	\$ 10,001,582	\$ 11,861,842

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

	<u>Quarter Ended June 30, 2010</u>	<u>Quarter Ended June 30, 2009</u>
Total Revenue	\$0	\$0
Net Income (Loss)		
- Total	\$(150,534)	\$(3,748,281)
- Per Share	\$(0.00)	\$(0.08)
Total Assets	\$14,794,842	\$14,293,669 (at Dec. 31, 2009)
Long-Term Financial Liabilities	\$2,521,932 ⁽¹⁾	\$2,093,709 ⁽¹⁾ (at Dec. 31, 2009)

For the quarters ended June 30, 2010 and June 30, 2009, 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 \$2,521,932 future income tax liability as at March 31, 2010, and a \$2,093,709 future income tax liability as at December 31, 2009.

The following table provides selected financial information that is derived from the unaudited interim consolidated 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>
	\$	\$	\$	\$

2010

Revenue	-	-
Net Income (Loss)	(157,606)	(150,534)
Net Income (Loss) Per Share	(0.00)	(0.00)

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	(337,472)	(1,549,695)
Net Loss per Share	(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 quarters ended June 30, 2010 and 2009.

	<u>Quarter ended June 30, 2010</u>	<u>Quarter ended June 30, 2009</u>
Interest & Bank Charges	\$663	\$535
Flow Through Taxes Paid	\$200	\$456
Office and General	\$17,445	\$7,235
Transfer agent, listing & filing fees	\$2,606	\$6,460
Salaries & Benefits	\$31,545	\$32,651
Rent	\$14,758	\$12,371
Shareholder/investor relations	\$18,156	\$38,836
New Project Development	<u>\$2,358</u>	<u>\$1,918</u>
Total	\$87,731	\$100,462

Results of Operations

The Company's loss in the second quarter and first six months of 2010 was \$150,517 and \$308,123 respectively, compared to a net loss of \$3,748,187 and \$3,908,070 in the same periods in 2009. The main reason for the year over year decreases in net loss was the write-off of exploration costs of \$3,369,317 in the second quarter of 2009, compared to \$11,097 in the second quarter of 2010. As well, in the second quarter of 2009 there was \$230,964 in stock-based compensation expense, vs. none in the second quarter of 2010.

Over the last eight quarters most of the net losses have been fairly consistent. The main exception has 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.

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. 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. At June 30, 2010 a review by management determined none of the properties which presently have exploration expenditures capitalized required any impairment.

In the second quarter of 2010, the Company had \$378,493 in exploration expenditures (net of Quebec refundable tax credits and mining duty refunds). The Company spent \$375,265 on the Scott Lake Property. The remainder was split amongst the other properties.

Liquidity and Capital Resources

At June 30, 2010, the Company had working capital of \$2,347,070 compared to \$3,029,234 as at December 31, 2009. The Company anticipates receiving approximately \$1,150,751 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 2008). Working capital is being used for exploration as described under the Outlook section of this report and to support corporate overhead. With the completion of the private placements described in the 2010 Second Quarter Corporate Events section earlier, the Company has sufficient working capital to meet its present budget plan and financial commitments.

To the date of this MD&A, the cash resources of the Company are held in chequing accounts at a major Canadian financial institution. Restricted cash is held in a Guaranteed Investment Certificate at a major Canadian financial institution.

Related Party Transactions

The following transactions were in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties:

During the three and six months ended June 30, 2010, the Company paid/accrued \$12,500 and \$25,000, respectively (three months and six months ended June 30, 2009 - \$nil) to 2142058 Ontario Inc., a company controlled by an officer of the Company, for management services provided to the Company.

A number of insiders participated in the Flow-Through Offering described previously, thereby making the Flow-Through Offering a “related party transaction” as defined under Multilateral Instrument 61-101 (“MI 61-101”). Insiders, including officers and directors of the Company, subscribed for a total of 296,831 common shares of the Company. The non-brokered private placement of flow-through common shares was unanimously approved by the directors of the Company, with the directors participating in the flow-through private placement disclosing their interest and abstaining from voting with respect thereto.

Significant Accounting Policies

A detailed summary of the Company's significant accounting policies is included in note 2 of the Company's Consolidated Annual Audited Financial Statements for the year ended December 31, 2009.

Recent Accounting Pronouncements

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 Canadian 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 table 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	In progress, completion expected during Q3 2010

made with respect to first-time adoption alternatives.	
Resolution of the accounting policy change implications on information technology, business processes and contractual arrangements.	In progress, completion expected during Q3 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 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 1 generally requires retrospective application of IFRS 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":

- 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 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 the consolidated 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 the consolidated 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. The Company, however, 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 the 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 the consolidated 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 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 and 1602 together replace Section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of 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 June 30, 2010, total shareholders' equity (managed capital) was \$11,948,185 (December 31, 2009 - \$11,465,091).

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 geological 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 three months ended June 30, 2010. 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 Project, Inmet Properties, 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 sundry receivables, Quebec

refundable tax credits and mining duty refunds and restricted cash. The Company has no significant concentration of credit risk arising from operations. Restricted cash consists of a guaranteed investment certificate, which has been invested with a reputable financial institution, from which management believes the risk of loss to be minimal.

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 credits are in good standing as of June 30, 2010. The Company has not yet received the 2008 Mining Duty refund. Management believes that the credit risk with respect to sundry receivables and Quebec refundable tax credits and mining duty refunds 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 June 30, 2010, the Company had a cash balance of \$1,332,510 (December 31, 2009 - \$1,603,078) to settle current liabilities of \$324,725 (December 31, 2009 - \$734,869). 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. As detailed above, during the quarter, the Company completed a non-brokered private placement of flow-through common shares for aggregate gross proceeds of \$700,000, and a non-brokered private placement of units for aggregate gross proceeds of \$580,000. Each unit consisted 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 date.

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 credits and mining duty refunds 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 are also equal to fair value.

As of June 30, 2010, 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 three 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 June 30, 2010, 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. 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 June 30, 2010.

	Level 1	Level 2	Level 3	Total
Cash	\$ 1,332,510	\$ -	\$ -	\$ 1,332,510
Restricted Cash	30,000	-	-	30,000
	\$ 1,362,510	\$ -	\$ -	\$ 1,362,510

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	57,280,888 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 3,422,000 Common Shares

The Company has the following warrants outstanding as at the date of this report:

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
966,668	\$0.45	October 30, 2011

Other 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.

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.