JASPER MINING CORPORATION
Management's Discussion and Analysis (Form 51-102F1)
December 31, 2009

The following discussion and analysis of financial results for the year ended December 31, 2009 should be read in conjunction with the audited financial statements of Jasper Mining Corporation ("Jasper" or the "Corporation") as at and for the year ended December 31, 2009 and related notes thereto. Certain statements included in this discussion constitute forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements expressed or implied by such forward-looking statements. Such factors include general economic and business conditions, which among other things, affect demand for the Corporation's services; industry capacity; the ability of the Corporation to implement its business strategy; and changes in, or the failure to comply with government regulations, especially health, safety and environmental law, regulations and guidelines.

The date of this Management's Discussion and Analysis ("MD&A") is April 29th, 2010.

OVERVIEW

Jasper Mining Corporation was incorporated on November 28, 1994 in the Province of Alberta. The Corporation is in the exploration stage and is engaged in the exploration for and development of base and precious metals in Canada.

The carrying value of mineral properties reported in the Corporation's financial statements represents costs incurred to date, net of abandonments and impairments, and does not necessarily reflect present or future values. The ability of the Corporation to continue as a going concern and the recoverability of amounts shown for mineral properties is dependent upon the existence of economically recoverable mineral reserves, the ability of the Corporation to obtain necessary financing to complete their development and upon future profitable operations. These financial statements have been prepared on a going concern basis, which assumes the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. These financial statements do not include any adjustments that would be necessary should the Corporation be unable to raise sufficient capital and consequently be unable to continue as a going concern.

Jasper's sole business is the exploration and development of mining properties located in the Province of British Columbia. Jasper's business plan has been to acquire 100% working interest properties that have indications of known mineralization. The Corporation has undertaken an extensive review of the B.C. mines department's public records and private corporate records in order to locate properties that management of Jasper believe are mineral properties of merit. Jasper has acquired its properties by share purchase agreements, options to purchase, staking, and a combination of these methods.

Once acquired, Jasper's strategy has been to develop a systematic exploration approach, which generally includes gathering and assimilating all known reports and data on a particular property, conducting geological mapping to determine rock type and structure followed by geophysical work which usually includes airborne magnetic, electromagnetic and radiometric followed ground IP and then diamond drilling.

During 2009, the Corporation raised additional funds to meet both its general and administrative expenses for the year, and to enable it to undertake further exploration and development on its mineral properties.

PORTFOLIO OF EXPLORATION PROPERTIES AND YEARLY ACTIVITY REPORT

The Corporation carried out work on some of its exploration properties during 2009. An assessment was done on all of the properties to determine economic potential and it was determined that the costs incurred on ten of them should be written off. The ten properties had not had significant work done on them in the last three years. Therefore, in accordance with accounting guidelines, even though the properties were all in good standing at year end, an impairment was recorded. The total amount written off in 2009 was $2,258,808 (2008 $2,655,747). All of the other properties owned by the Corporation are considered to have potential for economic mineral development. During 2009, the Corporation expended $213,490 (2008 - $3,918,970) on diamond drilling, exploration and soil sampling. Ground geophysical work and Induced Polarization (IP) was carried out on the Isintok and the McFarlane properties. This geophysical work co-ordinates with the airborne geophysical evaluations the Corporation has carried out. Updates of work performed on the properties are outlined in the following descriptions which are categorized by possible type of deposit and principal mineral(s):

Graphite Veins Vowell Creek / Ruth Vermont / Lead Zinc, Gold, Graphite

Vowell Creek - The Vowell Creek property is comprised of 15,766 hectares ("ha") (38,960 acres) located approximately 35 km south of Golden, British Columbia. Previous programs on the property were undertaken to evaluate potential for a Lead-Zinc Silver sedimentary exhalative type deposit. Vowell Creek also has gold and graphite potential.

The Vowell Creek property has been the focus of precious metal-enriched vein and/or replacement (manto) type mineralization since 1900. In an attempt to test the projected trend of the Ruth Vermont Vein System, an airborne survey was completed on the property in 2006, resulting in the identification of two prominent geophysical anomalies on the northeast side of Vowell Creek. Expenditures of $623,709 which had been incurred on this property to December 31, 2008 were written off for the year ended December 31, 2008. Additional expenditures of $3,279 during the year ended December 31, 2009 were also written off.

Polymetallic Veins - Gold

Sanca- The Sanca property consists of 11 separate claims comprising 5,335 ha (13,184 acres) located immediately east of Kootenay Lake in British Columbia. Significant work has been completed by the BC Geological Survey Branch over the past several years to assess the underlying Mount Skelly Batholith for intrusion-related gold potential. Aeroquest Surveys flew geophysics on the property and the geophysical signatures look promising and are still being evaluated. This property has been written off for accounting purposes in 2009.

Molybdenum Properties

Lydy - The property consists of 522 ha (1,364 acres) located east of the community of Grey Creek, east of Kootenay Lake in British Columbia.

McFarlane – The property is located immediately west of Kootenay Lake in British Columbia and is beside the Lydy property. Extensive soil sampling was completed during 2005 along the existing road network. As a result of preliminary soil results, the available ground between the initial McFarlane property and the Lydy property was acquired.

In addition, a geophysical airborne survey was flown over the property in the early fall of 2008, comprised of magnetic, radiometric and electromagnetic. The final interpreted data has been received and the results are encouraging. The recent geophysics are still being evaluated and indicate locations for new drill holes in the future.

An extensive diamond drill program has been carried out on the McFarlane property in the vicinity of two high grade molybdenum bearing veins. It would appear the veins have high grade (up to 5%) molybdenum (News Release October 20, 2008). At the present time (April 2010) there have been 93 diamond drill holes drilled to identify the limits of these veins (See News Release June 20, 2008). Jasper has approximately 20 drill holes to split and assay. A total of 100 diamond drills have been completed. This work is planned to be carried out during May/June 2010. The veins continue past the limits of the drilling to the north east and are also open at depth. Several thousand assays have been carried out on the drill cores. An IP survey has been conducted over the high grade veins on the McFarlane property. It is anticipated that the Corporation will develop enough data in order to obtain a compliant resource and grade report on the McFarlane property during 2010.

Organic and/or Shear-hosted Gold

Cascade - The property is located approximately 55 kilometers north of the community of Kaslo, British Columbia and is comprised of approximately 1545 ha (3,819 acres), on the west side of the Lardeau River. Soils geochemical work is still being evaluated by the Corporation.

Faith - The property is located approximately 38 km southwest of Cranbrook, British Columbia, in the headwaters of Kamma Creek, a tributary of the Goat River. The property consists of approximately 2,104 ha (5,199 acres), underlain by strata correlated to the Creston and Aldridge Formations of the Late Proterozoic Purcell Supergroup. During 2007 a soils geochemical program was carried out on the Faith property. The interpretation through the Corporation's work and the work of previous operators suggests that a small helicopter supported diamond drill program should be carried out on the property and it is expected that 2 to 3 diamond drill holes will be carried out during the work season of 2010.

Perry Creek - The property consists of 943 ha (2,331 acres), located southwest of Cranbrook, British Columbia, along one of the placer gold producing creeks in the area. A soils geochemical program was carried out during 2008.

Copper Molybdenum Porphyry

Isintok - The Isintok property is located approximately 27 km west of Summerland, British Columbia. A limited program late in 2005, comprised of 4 holes, documented thick intervals of anomalous mineralization. However, due to winter conditions prevalent on the property during drilling, particularly with regard to accessing water, prevented the Corporation from drilling the holes in the intended locations. These holes on secondary objectives returned very encouraging results.

A geophysical airborne survey was flown over the property in the early fall of 2005, and was comprised of magnetic, radiometric and electromagnetic. The final interpreted data has been received and results are very encouraging and suggest several significant drilling targets.

An extensive soils geochemical program was carried out as well as an Induced Polarization (IP) survey during 2006 and 2007. This work has resulted in the identification of coincidental soils and IP anomalies laying to the east of the all of the Corporation's 2006 and earlier drilling.

The Corporation has now co-ordinated the results of the soils geochemical and ground IP and has drilled a number of holes to the east of the former drill locations. During the 2008 field season the Corporation drilled approximately 38 diamond drill holes on the co-incidental soils and IP anomalies on the Isintok property. A total of 54 holes have been drilled on the Isintok property (News Release November 19, 2008). All of the drill holes encountered encouraging mineralization. The mineralization consisted of copper, molybdenum, gold, silver and tungsten. The Corporation has several thousand assays of the drill cores on the Isintok property. All of the significant results have been press released by the Corporation during 2008 and 2009 to date. Approximately 20 diamond drill holes have yet to be split and assayed. This work should be carried out during May/June 2010. All of the Corporation's data on Isintok indicates a large tonnage copper molybdenum porphyry type deposit. Silver and tungsten have also been identified and to a lesser degree, gold values were seen on some of the holes.

Work on Isintok continues and the Corporation is of the opinion that it has developed enough data in order to have a third party prepare an independent report on both tonnage and grade on Isintok during 2010.

Alaric - The property consists of 16 claims, comprising 1,250 ha (3,089 acres), located west of Summerland, British Columbia. Airbourne geophysics were flown during 2006 and the interpretation is very positive and suggests diamond drilling during 2009. The expenditures on this property were written off for accounting purposes in 2008.

Proximal - The property is located immediately north of Cranbrook, British Columbia and consists of 300 ha (741 acres). Geophysics were flown during 2006. The Corporation does not plan to carry out any work on the Proximal property during 2009. The expenditures on this property were written off for accounting purposes in 2008.

Polymetallic Veins

Memphis Creek - The property consists of 396 ha (978 acres), located between the communities of Slocan and Silverton, British Columbia immediately east of Slocan Lake. The Corporation carried out no work on the property during 2007 and 2008, but plans to carry out a small soils geochemistry program during 2009. The expenditures on this property were written off for accounting purposes in 2008.

Erie Creek - The property consists of 3,287 ha (8,122 acres), located north of Salmo along Erie Creek and west of Sultan Minerals Keno property. The Corporation carried out soils geochemistry and interpreted airborne geophysics on this property. A diamond drill program started in 2007 was encouraging with anomalous results with respect to tungsten and copper. An extensive soil program was carried out in 2007 which suggests drilling locations which coincide with the Corporation's airborne geophysical interpretation. The Corporation hopes to drill this property with a helicopter supported program during 2010. The expenditures in the amount of $1,044,041 were written off during the year ended December 31, 2009.

Broken-Hill Type Pb-Zn

Irony - The property is located north of Revelstoke, British Columbia and southwest of Mica Dam, consisting of 2,375 ha (5,869 acres), immediately adjacent and contiguous with Selkirk Metals Ruddock Creek property. The Corporation drilled a number of unsuccessful diamond holes and have gone back to the geophysical contractor and explained our difficulty with the interpretation and it has been agreed that the Corporation drilled on faulty interpretation and the geophysical contractor has given us seven of what they consider to be high grade locations, some of which the Corporation may drill during 2010. The expenditures were written off during the year ended December 31, 2009.

Cretaceous Granite Project

The properties comprising the Cretaceous Granite Project are all located along the east side of Kootenay Lake, British Columbia extending from the Sanca property northward to the Crawford property and includes the Copper Storm, Crawford, Lydy, McFarlane, Mt. Rice, Sanca and Sawyer properties.

Intrusion-related Gold

Copper Storm – The soils evaluations indicated no particular merit to the property and the Corporation has permitted the claims to lapse.

Crawford - The 522 ha (1,290 acre) property is located within the magnetic halo surrounding the Fry Creek Batholith and covers a small granitic exposure previously documented and exposed at surface. The Humbolt and Rose Pass MINFILE occurrences are located to the southwest and may indicate base metal mineralization associated with proximity to one (or more) Cretaceous intrusions. Geophysics was flown during 2006 and there are some prospective drilling holes. Crawford may be drilled in a helicopter supported program along with Sawyer during 2010.

Mount Rice - The 522 ha (1,290 acre) property similarly overlies a moderate magnetic signature located southwest of the Fry Creek Batholith and between the mapped exposures of the Sawyer stock (north) and Hall Creek stock (south). No significant work was carried out on this property during 2009 and the accumulated costs were written off during the year ended December 31, 2009.

Sawyer - The Sawyer property is located on a tributary of St. Mary's River, west of Cranbrook, British Columbia. The property consists of 1,566 ha (3,869 acres) overlying a Cretaceous age intrusive body localized along the contact between the uppermost Purcell Supergroup and the lowermost Windermere Supergroup. An airborne geophysics has identified a number of high grade anomalies which coincide with the previously reported high grade lead/zinc grab samples. Plans still remain to drill 2 to 3 diamond drill holes on this lead/zinc property were indicated by assayed surface samples and airborne geophysical anomalies. However since minimal work has been recently done on this property, the accumulated costs were written off during the year ended December 31, 2009.

Diamonds

Summer - The Summer property consists of 271 ha (671 acres) located along Summer Creek, British Columbia, an east flowing tributary of the Bull River, in the western Rocky Mountains. The Summer property appears to have a kimberlite pipe which is partly exposed at surface and covers an area of approximately 40 acres. The hope of the Corporation is that the kimberlite pipe would contain diamonds. During the 2008 field season the Corporation collected a bulk sample from the Summer property and that sample has been analyzed by Saskatchewan Research Council. These results are encouraging but require further work. The accumulated expenditures on this property were written off during 2009.

RESULTS OF OPERATIONS

Three months ended December 31

During the three months ended December 31, 2009, the Corporation incurred a net loss of $1,804,926 compared to a net loss of $2,151,199 during the same 2008 period. The majority of the decrease in the loss can be attributed to the following components:

- A $50,000 decrease in stock-based compensation expense as there were no new options granted in 2009.
- A $2,259,000 impairment of mineral properties was written off in 2009 compared to $2,655,000 impairment in 2008.
- A $36,000 decrease in general and administrative expenses due to $14,000 decrease in professional fees; $10,000 decrease in meals and entertainment; $8,000 increase in office expenses, and $20,000 decrease in regulatory and filing fees.
- A $1,000 decrease in interest revenue due to redemption of GIC deposits.
- A $138,000 decrease of future income tax reduction.

Years ended December 31

During the year ended December 31, 2009, the Corporation incurred a net loss of $2,085,249 compared to a net loss of $2,655,457 during the same 2008 period. The majority of the decrease in the loss can be attributed to the following components:

- A $230,000 decrease in stock-based compensation expense due to no new stock options being granted in 2009.
- A $50,000 decrease in Part XII.6 tax due to the Corporation spending all of the 2008 flow through shares expenditures before February 2009.
- A $30,000 decrease in general and administrative expense due to a $47,000 decrease in professional fees; $10,000 increase in meals and entertainment; and a $7,000 increase in office expense.
- A $2,259,000 impairment of mineral properties was written off in 2008 compared to $2,655,000 impairment in 2008.
- A $40,000 decrease in interest revenue due to redemption of GIC deposits
- A $106,000 decrease of future income tax reduction.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2009, the Corporation had working capital of $460,693 compared to a working capital deficit of $36,706 at December 31, 2008. The increase in working capital is primarily comprised of net proceeds of $982,000 raised through the issue of common shares and $198,000 from the redemption of short term deposits offset by $213,000 of capital expenditures, and $275,000 of funds used in operations.

Junior mining companies like Jasper face significant difficulties in raising money to fund their ongoing operations during this period of economic downturn. The Corporation has a commitment that it must incur $1,050,000 of qualifying flow-through expenditures by the end of 2010. While the Corporation does not currently have any additional financing in place at this time, it will require additional financing in order to meet this commitment and pay its overhead expenditures. The Corporation continues to pursue alternate arrangements either from equity or debt financings, joint ventures or asset rationalizations to provide the funding required to continue its exploration. The priority is to complete the resource reports on the McFarlane and Isintok properties, which will assist the Corporation when it pursues future financings.

FINANCING ACTIVITIES

During 2009, the Corporation authorized and issued the following equity instruments:

	Number	Amount ($)
Flow-through common shares	5,250,000	1,050,000
Reduced by:		
Cash share issue costs		(68,277)
	5,250,000	981,723

MINERAL PROPERTY AND OTHER CAPITAL SPENDING

During the year ended December 31, 2009, the Corporation incurred $213,490 of cash expenditures on mineral properties as described under "Portfolio of Exploration Properties and Yearly Activity Report".

Mineral property expenditures for the year ended December 31, 2009 are summarized in the following table:

Property	Type of Expenditure		Amount
Vowell Creek	Acquisition	$	3,279
Isintok	Exploration		162,967
Lydy/McFarlene	Exploration		45,878
Other	Acquisition		691
	Exploration		675
		$	213,490
Impairment			(2,258,808)
		$	(2,045,318)

INCOME TAX

The Corporation's liability for future income tax decreased and the related provision for future income tax reduction decreased in 2009 primarily due to the decrease in the valuation allowance estimated against the Corporation's future income tax assets and change in mineral properties. Because the Corporation continues to generate losses and its related non-capital losses for tax purposes are beginning to expire, their actual use and recovery is uncertain. In addition, the Corporation did not increase the tax base of its mineral properties as the majority of mineral property expenditures incurred in the year are renounced out as flow-through expenditures. The $187,310 tax effect of the $749,240 flow-through share proceeds raised in 2008 was recorded in February 2009 when the tax benefits were filed with the tax authorities and renounced to investors with an effective date of December 31, 2009.

As at December 31, 2009, the Corporation has approximately $3,000,000 (2008 - $3,500,000) in tax pools and $2,200,000 (2008 - $2,300,000) in non-capital losses available for deduction against future taxable income. The non-capital losses expire between 2010 and 2028.

The future income tax assets for non-capital losses and share issue costs have not been recognized as their recovery is uncertain.

RELATED PARTY BALANCES AND TRANSACTIONS

Except as disclosed elsewhere in the financial statements, the Corporation had the following related party transactions:

a) Legal fees of $5,750 (2008 – $nil) relating to various financings were charged by the President's law firm of which $5,750 (2008 – $nil) was recognized as share issue costs.

b) A total of $50,400 (2008 – $49,350) was charged by a company owned by the President for rent and administrative services.

Transactions in the normal course of operations were recorded at exchange amounts, which is the amount of consideration established and agreed to by the related parties.

ASSET RETIREMENT OBLIGATIONS

At December 31, 2009, the Corporation did not estimate costs relating to future site restoration and abandonment to be in excess of recorded property deposits. The Corporation has made no provision for site restoration costs or potential environmental liabilities on the basis that any such liability would not have a material effect on the December 31, 2009 or 2008 financial statements. Factors such as further exploration, inflation and changes in technology may materially change the cost estimate. Mineral property deposits totaling $69,581 (2008 - $72,969) have been paid to the Government of British Columbia and are refundable upon reclamation of areas impacted by mining exploration activities.

SHARE CAPITAL

Common shares

The Corporation commenced 2009 with 62,705,047 shares outstanding. During the year ended the Corporation issued the following:

- 5,250,000 flow-through shares through private placements

As at December 31, 2009 and the date of this MD&A, the Corporation had 67,955,047 common shares outstanding.

Warrants

At the beginning of 2009, the Corporation had 14,322,793 warrants outstanding. During the year ended December 31, 2009, 525,000 warrants were issued and 10,019,000 warrants expired. As at December 31, 2009 and the date of this MD&A, 4,828,793 warrants are outstanding.

Stock options

The Corporation had 7,367,500 stock options outstanding at the beginning of 2009. During the year ended December 31, 2009, 210,000 finder's options were granted, and 2,130,000 options expired resulting in 5,447,500 options outstanding at December 31, 2009 and as at the date of this MD&A.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Flow-through expenditures

During 2008, the Corporation raised $749,240 of flow-through share gross proceeds. The related tax benefit of the flow-through share proceeds was renounced to investors in February 2009 with an effective date of December 31, 2008. As at December 31, 2009, all the required expenditures had been incurred.

During the year ended December 31, 2009, the Corporation raised $1,050,000 of flow-through share gross proceeds. The related tax benefit of the flow-through share proceeds were renounced to investors in February 2010 with an effective date of December 31, 2009. The Corporation has until December 31, 2010 to incur the related qualifying flow-through expenditures. As at December 31, 2009, none of these expenditures had been incurred.

Work Credits

The Corporation's work on the Ruth/Vowell Creek, Lydy, Proximal, Isintok, Erie Creek and other properties has been credited towards the assessment requirement of the Province of British Columbia which puts the claims, leases and grants of the Corporation in good standing for a number of years. The Corporation will file its assessment report with the Government of the Province of British Columbia for the 2009 field work.

Other

The Corporation has not entered into any hedging contracts. The Corporation does not have any special purpose entities nor is it a party to any off-balance sheet arrangements.

THE YEAR AHEAD

McFarlane Molybdenum Property

A total of 100 diamond drill holes have been completed on the McFarlane property which have recovered approximately 20,000 metres of drill core and approximately 20 remain to be split and assayed. The drill holes vary between 100 and 370 metres in length and have been drilled to further develop and evaluate a molybdenite-bearing vein resource which contains hundreds of high grade mineralized intercepts. As part of the current assaying program for 2010, some of the holes will be assayed from top to bottom in order to determine the presence of disseminated molybdenum between the high grade intersections.

Isintok Copper Molybdenum Property

A total of 59 diamond drill holes have been drilled on the Isintok copper molybdenum property by Jasper. The 2009 holes were drilled on the coincident soils and geophysical anomalies. Jasper has encountered significant mineralization copper, molybendum, silver, gold and tungsten in all of the 2009 holes. Jasper calculates the mineralized area to be 1.06 km north-south by up to 500 metres east-west. The results of all the holes are not available but will be reported as received from the assayers. A total of 18 holes remain to be split and assayed. It is Jasper's intention to drill several deep holes from the surface at Isintok from the west of the current drilling area in an easterly direction at a decline of greater than 60 degrees to a a depth of approximately 2,500 meters with the hope of intersecting high grade mineralization below the present depths drilled by Jasper.

SELECTED QUARTERLY INFORMATION

	2009		2009	
$	December 31	September 30	June 30	March 31
Mineral properties	6,755,391	9,018,363	9,006,076	8,936,946
Total assets	7,694,970	9,332,210	9,305,482	9,270,456
Working capital(deficit)	460,693	(397,317)	(374,206)	(231,037)
Shareholders' equity	6,504,296	7,377,499	7,382,619	7,444,353
Net loss	1,804,926	75,765	96,911	107,648
Net loss per share	0.03	0.00	0.00	0.00

	2008		2008	
$	December 31	September 30	June 30	March 31
Mineral properties	8,800,709	10,965,213	9,625,608	8,129,020
Total assets	9,346,113	12,678,732	10,975,333	10,788,715
Working capital	(36,706)	510,580	724,740	2,287,035
Shareholders' equity	7,693,553	9,730,597	8,604,811	8,646,673
Net loss	2,151,199	312,163	96,415	95,680
Net loss per share	0.03	0.01	0.00	0.00

BUSINESS AND OPERATIONAL RISKS

The Corporation is a mineral exploration company and is exposed to a number of risks and uncertainties that are common to companies in the same business. These risks and uncertainties include, among other things, the speculative nature of mineral exploration and development activities, the Corporation's need for additional funding to continue its exploration efforts, operating hazards and risks incidental to mineral exploration, the fact that the Corporation's properties are in the exploration stage only and do not contain a known body of commercial ore, uncertainties associated with title to mineral properties, changes in general economic, market and business conditions; competition for capital, acquisitions of mineral properties and skilled personnel; ability to obtain required mine licenses, mine permits and regulatory approvals required to proceed with mining operations; ability to comply with current and future environmental and other laws; actions by governmental or regulatory authorities including increasing taxes and changes in other regulations; and the occurrence of unexpected events involved in mineral exploration, development and production.

Being a junior exploration mining company, the Corporation’s ability to raise the necessary financings for future exploration depends to a large degree on commodity price trends, general investor sentiment for companies in the mining exploration sector and the Corporation’s ability to confirm the existence of sought after minerals in sufficient quantities and quality on its exploration lands. Management of the Corporation is of the view that these risks faced by the Corporation are no greater than the risks encountered by its peers.

Valuation of mineral properties

The Corporation records its interest in mineral claims and properties at cost whereby all direct and indirect costs of acquiring, exploring for and developing mining properties are capitalized as separate areas of interest. When the areas of interest are brought into production, the costs will be amortized using the unit-of-production method based on estimated proved reserves. Where a property shows no promise from prior exploration results and is dormant, the claims may be allowed to lapse, and would be written down to a nominal value where an interest in claims remained. Management will also determine if an exploration property is impaired, and whether the carrying value of such property should be written down and whether exploration costs incurred should be charged against earnings rather than being deferred, on each occasion that financial statements are issued.

Income taxes

The Corporation records future tax assets and liabilities to account for the expected future tax consequences of events that have been recorded in its financial statements and its tax returns. These amounts are estimates and the actual tax consequences may differ from the estimates due to changing tax rates and regimes, as well as changing estimates of cash flows and capital expenditures in current and future periods. A valuation allowance is recorded to the extent that there is uncertainty regarding utilization of future tax assets.

Stock-based compensation

Stock-based compensation expense is recorded in the statement of loss and deficit for all options granted based on the estimated fair value at the time of the grant and recognized as expense over the vesting period of the option. The fair value of options is estimated using the Black-Scholes option-pricing model based on estimates and assumptions for expected life of the options, expected volatility, risk-free interest rate and dividend yield.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Corporation's financial instruments include cash and cash equivalents, term deposits, mineral property deposits, accounts receivable, due from related parties, investments, accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values due to their relatively short periods to maturity.

The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Corporation's activities. The Corporation has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Corporation's exposure to each of the above risks and the Corporation's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein:

a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Corporation's policy is to ensure that its investments are liquid and not to invest in asset backed commercial paper products.

The Corporation's accounts receivable relates to Goods and Services Tax input tax credits. Accordingly, the Corporation views credit risk on accounts receivable as minimal and has subsequently collected the outstanding amount.

b) Liquidity risk

Liquidity risk is the risk that the Corporation will incur difficulties meeting its financial obligations as they became due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Corporation's reputation.

To facilitate its expenditure program, the Corporation raises funds through private equity placements. The Corporation anticipates it will have adequate liquidity to fund its financial liabilities through its existing working capital.

As at December 31, 2009, the Corporation's financial liabilities were comprised of accounts payable and accrued liabilities all of which have a maturity of less than one year.

c) Market risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Corporation is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and United States dollar. As all of the Corporation's transactions are denominated in Canadian dollars, the Corporation is not exposed to foreign currency exchange risk at this time.

ii) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Corporation has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

iii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation is exposed to interest rate risk primarily through its variable interest rate on its cash and cash equivalents. For the year ended December 31, 2009, if interest rates had been 1% higher with all other variables held constant, earnings for the periods would have been $975 higher, due to increased interest income. An equal and opposite impact would have occurred had interest rates been lower by the same amounts.

CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the development of its mineral properties. Therefore, the Corporation monitors the level of risk incurred in its mineral property expenditures relative to its capital structure.

The Corporation considers its capital structure to include working capital and shareholders' equity. The Corporation monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

To maintain or adjust the capital structure, the Corporation may issue new equity if available on favorable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Corporation's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less which can be liquidated at any time without penalties.

The Corporation is not subject to externally imposed capital requirements. There has been no change in the Corporation's approach to capital management during the year ended December 31, 2009.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The President and Chief Financial Officer of the Corporation are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The President and Chief Financial Officer have assessed the design of internal control over financial reporting and during this process have identified certain weaknesses in internal controls over financial reporting which are as follows:

- Due to the limited number of staff at the Corporation, it is not possible to achieve complete segregation of duties; and
- Due to the size of the Corporation and the limited number of staff, the Corporation does not have the technical accounting expertise and knowledge to address all complex and non-routine accounting transactions that may arise.

These weaknesses in the Corporation's internal controls over financial reporting result in a more than remote likelihood that a material misstatement would not be prevented or detected. Management and the Board of Directors work to mitigate the risk of material misstatement in financial reporting. In addition, when complex accounting and technical issues arise during preparation of the quarterly financial statements outside consulting expertise is engaged. In spite of management's best efforts, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

CRITICAL ACCOUNTING ESTIMATES

The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles. A comprehensive discussion of the Corporation's significant accounting policies is contained in note 2 to the audited financial statements for the year ended December 31, 2009. The Corporation's significant accounting policies are subject to estimates and key judgments about future events, many of which are beyond management's control.

CHANGES IN ACCOUNTING POLICIES

In 2009, the Corporation adopted the following new or revised accounting standards with no impact on the opening deficit:

a) Section 3064 Goodwill and Intangible Assets was issued to replace Section 3062 Goodwill and Other Intangible Assets and Section 3450 Research and Development Costs. Section 3064 provides extensive guidance on when expenditures qualify for recognition as intangible assets, and aligns Canadian GAAP with International Financial Reporting Standards ("IFRS").

b) EIC-173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities was issued to clarify that an entity must consider its own risk and the credit risk of the counterparty when measuring the fair value of financial instruments.

c) EIC-174 Mining Exploration Costs to replace EIC-126 Accounting by Mining Enterprises for Exploration Costs. EIC-174 provides additional guidance on when to assess impairment of mining exploration costs for an enterprise that has initially capitalized exploration costs. EIC-174 had no impact on the Corporation's financial statements as all exploration costs are expensed as incurred.

d) Section 3855 Financial Instruments — Recognition and Measurement was amended to bring greater consistency between Canadian GAAP, IFRS and US GAAP regarding the timing of impairment recognition for debt instruments. The amendments allow more debt instruments to be classified as loans and receivables. In addition, the amendments require reversal of previously recognized impairment losses on available-for-sale financial assets in specified circumstances and require that loans and receivables that an entity intends to sell immediately or in the near term be classified as held for trading. The transitional provisions are complex and are accompanied by disclosure requirements to explain any reclassifications made on adopting the amendments.

e) Section 3862 Financial Instruments – disclosures was amended to require improved and consistent disclosures about fair value measurements of financial instruments and liquidity risk. The amendments apply to annual financial statements relating to fiscal years ending after September 30, 2009. In the first fiscal year of application, an entity need not provide comparative information for the disclosures required by the amendments. See note 15.

f) Future accounting standards

Accounting changes

In June 2009, Section 1506 Accounting Changes was issued to exclude from the scope of Section 1506 changes in accounting policies upon the complete replacement of an entity's primary basis of accounting, as will occur when the Corporation adopts IFRS. The amendment is effective for fiscal years beginning on or after July 1, 2009.

Business combinations and non-controlling interests

In January 2009, the AcSB issued Section 1582 Business Combinations, Section 1601 Consolidations, and Section 1602 Non-controlling Interests. Section 1582 replaces Section 1581 Business Combinations and provides the Canadian equivalent to IFRS 3 Business Combinations. Section 1601 and Section 1602 replace Section 1600 Consolidated Financial Statements. Section 1602 provides the Canadian equivalent to International Accounting Standard ("IAS") 27 Consolidated and Separate Financial Statements, for non-controlling interests. These standards are effective January 1, 2011.

Equity

In August 2009, Section 3251 Equity was issued in response to issuing Section 1602 Non-controlling Interests. The amendments require non-controlling interests to be recognized as a separate component of equity. The amendments apply only to entities that have adopted Section 1602.

Comprehensive evaluation of assets and liabilities

In August 2009, Section 1625 Comprehensive Revaluation of Assets and Liabilities was issued for consistency with new Section 1582 Business Combinations. The amendments apply prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning on or after January 1, 2011.

International Financial Reporting Standards ("IFRS")

The Accounting Standards Board ("AcSB") has confirmed that accounting standards in Canada will converge with IFRS. Entities will be required to adopt IFRS effective January 1, 2011 with a restatement of the comparative periods for 2010 including an opening balance sheet as at January 1, 2010. Under IFRS, the primary audience is capital markets and as a result, there is significantly more disclosure required. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy and increased note disclosures which must be addressed. The Corporation has not yet commenced to develop its IFRS conversion plan.

FORWARD LOOKING STATEMENTS

Certain information set forth in this MD&A, including management's assessment of the Corporation's future plans and operations, contains forward-looking statements, which are based on the Corporation's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans" and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Corporation's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. The Corporation is a mineral exploration Corporation and is exposed to a number of risks and uncertainties that are common to companies in the same business. These risks and uncertainties include, among other things, the speculative nature of mineral exploration and development activities, the Corporation's need for additional funding to continue its exploration efforts, operating hazards and risks incidental to mineral exploration, the Corporation's properties are in the exploration stage only and do not contain a known body of commercial ore, uncertainties associated with title to mineral properties, changes in general economic, market and business conditions; competition for, among other things, capital, acquisitions of mineral properties and skilled personnel; ability to obtain required mine licenses, mine permits and regulatory approvals required to proceed with mining operations; ability to comply with current and future environmental and other laws; actions by governmental or regulatory authorities including increasing taxes and changes in other regulations; and the occurrence of unexpected events involved in mineral exploration, development and production.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Corporation is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. The Corporation's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of December 31, 2009, that the Corporation's disclosure controls and procedures are effective to provide reasonable assurance that material information related to the Corporation, is made known to them by others within the entity. It should be noted that while the Corporation's Chief Executive Officer and Chief Financial Officer believe that our disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

LIST OF DIRECTORS AS OF DECEMBER 31, 2009
Gordon F. Dixon, Q.C.
Steven C. Funk
John A. Dixon
Jean-Pierre Pelletier
Frederick W. Shandro
M. Blake Willard

LIST OF OFFICERS AS OF DECEMBER 31, 2009
Gordon F. Dixon, Q.C. - President and CEO
John A. Dixon – CFO and Secretary
Dena Dixon - Assistant Treasurer
Susan Lawrence – Assistant Secretary