INTERNATIONAL WAYSIDE GOLD MINES LTD.
Form 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the six months ended August 31, 2008

The following discussion and analysis of the results of operations and financial position of International Wayside Gold Mines Ltd. (the "Company") for the six months ended August 31, 2008 should be read in conjunction with the August 31, 2008 Financial Statements and the related Notes. The effective date of this report is October 30, 2008.

Forward Looking Statements

Except for historical information, this Management's Discussion and Analysis ("MD&A") may contain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward looking statements.

Business Overview

The Company's principal business activity is the exploration and development of mineral properties located in the Cariboo Mining District in east-central British Columbia. The Company now controls more than 65,000 ha of mineral tenure, including three historic groups of contiguous Crown-Granted mineral claims, namely the Cariboo Group, Island Mountain Group and Mosquito Creek Group, as well as a large block of mainly contiguous mineral tenures roughly centered on the Town of Wells, which is located approximately 85 km east of Quesnel, British Columbia.

The Cariboo Gold Belt has had a rich and extensive history starting with the discovery of placer gold in the 1860's. Recorded production from the Company's property and surrounding area is approximately 2.6 million ounces of placer gold and 1.2 million ounces of lode gold averaging 0.40 oz/t gold from mainly mesothermal quartz vein mineralization and 0.60 oz/t from sulphide replacement style mineralization during the period 1933 to 1967.

Current Operations

During the past year, the Company's focus was on drilling to expand the resource that has been identified within and above the workings of the former Cariboo Gold Quartz Mine. A 15 hole diamond drill program was initiated in March 2007. The objectives of the program were (1) to confirm the nature and extent of mineralization identified through percussion drilling undertaken in 1980-81, (2) to improve the geologic model at depth, and (3) to determine whether sulphide replacement type mineralization is present in the vicinity of the stratigraphic content to the northeast of the historic underground mining activity (which followed quartz vein style mineralization).

Presently the pre-feasibility studies are being conducted by an engineering company. Soon after the completion of the pre-feasibility studies the Company will continue pursuing a mining permit.

In addition, recently, four holes were drilled. 1,504 feet were completed on the BC Vein 709 feet North West of the BC Shaft. Two main access roads to the Bonanza Pit area were upgraded. The upgrading mainly consisted of water control through roadside ditching and culvert instillation. The roads were then graded. This will reduce the ice caused by water buildup during the winter. Four km of the "B" road and four km of the "C" road were upgraded. These upgrades, although mainly for safety and ease of access will also reduce wear and tear on mine vehicles.

Results of Operations

The Company reports a net loss of $896,092 for the six months ended August 31, 2008 ("interim 2008")

or $0.01 per share as compared to a net loss of $2,367,399 or $0.04 per share for the six months ended August 31, 2007 ("interim 2007").

During interim 2008, administrative and corporate costs (excluding exploration expenses/recovery, accretion, interest on convertible loan and amortization of deferred financing fee) decreased by $139,235 as compared to interim 2007. This decrease in administrative costs is due to decreased business activity and is due to professional fees (audit & legal) decreasing by $37,085 as compared to the same period in 2007; office and administration expenses decreasing by $32,526; travel and accommodation decreasing by $43,717; transfer agent and filing fees decreasing by $39,257. These decreases were however partially offset by increases in salaries and benefits by $15,573. During interim 2008 the exploration expenses were $468,939 (which comprised $175,496 for land fees and permitting and $30,600 for assessment and tax) compared to $169,849 during interim 2007. During interim 2008, the interest on convertible notes was nil as no convertible notes were outstanding during the period (compared to $162,133 interest during interim 2007), amortization of deferred financing fee was nil (compared to $112,282 during interim 2007), and accretion of convertible notes discount was nil as no convertible notes were outstanding during the period (compared to $1,362,598 discount during interim 2007).

Resource Properties that have not yet Generated Operating Revenue.

The Company has been focused on the Barkerville Camp since 1994.

The initial focus was to delineate a mineable resource within the historic workings of the Cariboo Gold Quartz Mine. A total of 238 drill holes were completed from 1995-1998. The Company has been working towards the further definition of the mineral deposit within and surrounding the historic workings of the Cariboo Gold Quartz Mine. A program of up to approximately 300 additional diamond drill holes has been developed to achieve this objective. Once the resource definition is complete, the working conceptual mine plan will be more fully developed, and will form the basis for a preliminary assessment of mine economics. Resource definition, mine planning and economic evaluations, together with additional social and environmental impact, will in aggregate require additional expenditures of several million dollars.

Beginning in 1998 the Company focused on delineating a high grade resource within the BC Vein, roughly 3 km southeast of the Cariboo Gold Quartz Mine. The Company intersected a new style of mineralization in the footwall of the BC Vein in March 2000, now known as the Bonanza Ledge deposit. The Company focused on delineating this resource from 2000 to 2004. Additional expenditures of one hundred thousand dollars or more will be required to complete the permitting process prior to production of the proposed open pit mine.

Both of these proposed developments are supported by recent appreciation in the value of gold and the efforts of the current Provincial Government to facilitate and support mining in the Cariboo Region.

In addition, the Company is committed to further exploration in the Barkerville Camp. Mineralization has been identified in several areas along the historic Mine Trend (the source of placer gold and correlated with quartz vein outcrops that occur on a general northwest-southeast trend over a linear distance of more than 60 km through the Camp), and on strike with the (offset and parallel) Bonanza Ledge Trend. Additional expenditures are anticipated as funds allow to further characterize and delineate various mineralized zones.

Bonanza Ledge Deposit

The Company has defined a mineable resource, developed a mine and reclamation plan, and has commissioned a preliminary assessment of the economic feasibility of the proposed open pit at Bonanza Ledge. These form the basis for an application pursuant to the BC Mines Act to produce up to 70,000 tonnes of ore per year that was submitted in April 2006. An addendum addressing initial comments was submitted in September 2006. The Company is working to address further comments that have been received from government review agencies. A revised and updated submission will be made once supplemental engineering and environmental work has been completed. The Company intends to begin production at Bonanza Ledge as soon as the necessary permits and approvals are obtained.

Related Party Transactions

(a) Balance receivable:

The amounts receivable from related parties, which are non-interest bearing, unsecured and due on demand, are comprised of the following:

	August 31, 2008	February 29, 2008
Due from other companies with certain common directors	$ 279,693	$ 266,544

The balance receivable from other companies with certain common directors relates primarily to an allocation of administrative costs incurred by the Company to other public companies with certain common directors and officers.

(b) Balances payable:

The amounts payable to related parties, which, except otherwise disclosed, are non-interest bearing, unsecured and due on demand, are comprised of the following:

	August 31, 2008	February 29, 2008
Due to a company controlled by a director	$ 843,942	$ 906,140
Due to other companies with certain common directors	116,681	58,117
Due to directors and officers, and spouse of a director	129,150	71,852
	$ 1,089,773	$ 1,036,109

(c) Related party transactions:

A summary of the amounts charged to the Company by directors, former directors, and by companies controlled by directors, not disclosed elsewhere, is as follows:

	6 months ended August 31, 2008	Year ended February 29, 2008
Property exploration costs:		
Equipment rentals	$ 66,168	$ 393,433
Administration fees on reimbursed expenditures	13,526	41,042
Administration costs:		
Interest expense	-	12,162
Legal	-	12,645
Management fees	60,000	120,000
	$ 139,694	$ 579,282

Substantially all of the other exploration and development expenditures incurred by the Company are charged from a company controlled by a director. These charges consist of labour charges, equipment rentals and administration fees of 12% (to a maximum of $8,000 per month) on such reimbursement of expenditures. Management believes the labour charge, equipment rental charges and project administration fees are at fair values, compared to what the Company would be required to pay to third parties.

These transactions are recorded at exchange value, being the value established and agreed upon by the related parties.

(d) Consulting agreement

The Company and an officer entered into a consulting agreement for a period of 5 years commencing March 1, 2007 for $120,000 per year. In the event that a change in control occurs and the officer is terminated within 12 months of such a change of control, the officer will receive a lump sum payment equal to the greater of (1) the compensation remaining for the rest of the period under the terms of the engagement and (2) one year's compensation.

Selected Annual Information

The following are highlights of financial data on the Company for the most recently completed three financial years:

Fiscal year ended February 28/29			
	2008	**2007**	**2006**
	$	**$**	**$**
Revenue	-	-	-
Net loss	5,095,002	4,460,412	2,052,479
Loss per share	0.08	$0.12	$0.12
Total assets	9,712,341	9,306,910	5,180,229
Total liabilities	2,014,668	6,120,960	3,255,174
Working capital (deficiency)	(1,681,729)	(6,005,817)	(2,480,748)

Net loss increased between fiscal 2008 and 2007, largely due to higher stock-based compensation, accretion on convertible debt charge in 2008. Notwithstanding these charges, net loss declined from fiscal 2007 as a result of reduced exploration, shareholder and salaried staff activities. Fiscal 2007 increased from fiscal 2006 due to the bulk sample recovery in 2006 of $1,264,379. Assets at fiscal 2008 rose mainly due to $225,000 in common shares issued to Lions Gate Energy Inc. to satisfy an option in a property transfer agreement. Assets at fiscal 2007 increased by approximately, $4 million from fiscal 2006, mainly due to exploration activity and property acquisition in the Mosquito property. Total liabilities decreased significantly in fiscal 2008 because the convertible note payable to Karver Capital Canada Inc. (KCCI) of approximately $3.4 million in fiscal 2007 was converted to equity. Fiscal 2007 liabilities rose due to the note payable to KCCI in that did not exist in 2006.

Summary of Quarterly Results

Expressed in Canadian $

	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Period ended	August 31 2008	May 31 2008	Feb 29 2008	Nov 30 2007	Aug 31 2007	May 31 2007	Feb.28 2007	Nov.30 2006
Total Revenue	-	-	-	-	-	-	-	-
Loss before income taxes	494,993	401,099	1,918,955	808,648	672,024	1,695,375	1,504,921	667,550
Basic loss per Share	0.01	0.00	0.02	0.01	0.01	0.04	0.03	0.02
Diluted Per Share	0.01	0.00	0.02	0.01	0.01	0.04	0.03	0.02
Net loss	494,993	401,099	1,918,955	808,648	672,024	1,695,375	1,504,921	667,550
Basic loss per Share	0.01	0.00	0.02	0.01	0.01	0.04	0.03	0.02
Diluted loss per Share	0.01	0.00	0.02	0.01	0.01	0.04	0.03	0.02

Historically the Company incurs the majority of its exploration costs in quarters 2 and 3 due to better weather conditions in the Wells area. From an exploration point of view, costs incurred in quarter 4 are very low due to weather. However, audit adjustments to stock-based compensation and accretion on convertible debt are reflected in quarter 4 leading to higher losses. While the Company is constantly looking for capital, it is easier to raise funds near a calendar year end particularly if the financing is for flow -through shares.

Fourth Quarter Review

Not applicable

Liquidity and Capital Resources

At August 31, 2008, the Company had $14,013 in cash and cash equivalents and had a working capital deficiency of $1,870,200. The Company's major commitment over the next year is the Cariboo Gold Project. The Company will rely upon future equity financings to fund operations until production is reached. These financings will come from related parties or brokered private placements.

Given the Company's working capital deficiency, the Company's ability to fund on-going operations will rely upon financing from related parties as well as significant private placements.

In addition, the Company is committed to a Property Transfer Agreement to acquire 100% of Lions Gate Energy Inc.'s mineral properties for the following considerations:

- $250,000 worth of common shares of the Company (issued);
- a total of $1,000,000, payable in $200,000 installments over a five year period, on May 31 of each year, commencing May 31, 2006 (paid); May 31, 2007 (outstanding), May 31, 2008 (outstanding) and
- the issuance of four annual installments of $225,000 worth of the Company's common shares on May 31 of each year, commencing May 31, 2007 (issued). The installment of the shares due on May 31, 2008 has also been issued.

During the year ended February 29, 2008, the Company raised $2,961,149 in cash by way of private placements (net of issue costs) by issuing 18,867,567 shares.

During the six months ended August 31, 2008, the Company raised (i) a gross amount of $730,000 by way of private placement of 7,300,000 units at $0.10 per unit. Each unit consists of one common share and one-half of one common share purchase warrant and (ii) a gross amount of $496,736 by way of a private placement of 8,278,933 units at the price of $0.06 per unit. Each unit consists of one common share and one-half of one common share purchase warrant

The continuity of the Company's share purchase options for the six months ended August 31, 2008, all of which are exercisable, is as follows:

			Changes during the period			
Exercise Price	Expiry Date	Balance February 29, 2008	Granted	Exercised	Expired/ Cancelled	Balance August 31, 2008
$0.22 (1)	November 16, 2012	1,810,573	-	-	-	1,810,573
$0.25 (2)	July 3, 2010	4,013,806	-	-	-	4,013,806
$0.40	March 2, 2009	670,000	-	-	-	670,000
$0.36	February 2, 2009	170,000	-	-	-	170,000
$0.33	September 30, 2008	281,342	-	-	-	281,342
$0.36	October 3, 2008	79,500	-	-	-	79,500
$0.36	November 26, 2007	-	-	-	-	-
$0.36	May 15, 2007	-	-	-	-	-
		7,025,221	-	-	-	7,025,221
Weighted average exercise price		$0.26	-	-	-	$0.26

The continuity of the Company's share purchase warrants for the six months ended August 31, 2008 is as follows:

Exercise Price	Expiry Date	Balance February 29, 2008	Changes in the Period Granted	Exercised	Expired/ Cancelled	Balance August 31, 2008
$0.65	May 16, 2008	458,021	-	-	(458,021)	-
$0.65	June 16, 2008	56,111	-	-	(56,111)	-
$0.35	July 28, 2008	1,750,000	-	-	(1,750,000)	-
$0.35	August 14, 2008	1,035,000	-	-	(1,035,000)	-
$0.35	October 12, 2008	323,500	-	-	-	323,500
$0.35	October 19, 2008	722,000	-	-	-	722,000
$0.35	December 4, 2008	600,000	-	-	-	600,000
$0.30	December 29, 2008	4,857,951	-	-	-	4,857,951
$0.30	January 26, 2009	199,873	-	-	-	199,873
$0.30	February 2, 2009	84,754	-	-	-	84,754
$0.30	February 14, 2009	83,333	-	-	-	83,333
$0.30	June 4, 2009	90,629	-	-	-	90,629
$0.30	June 7, 2009	109,328	-	-	-	109,328
$0.30	July 3, 2009	4,743,320	-	-	-	4,743,320
$0.175	September 18, 2009	2,750,000	-	-	-	2,750,000
$0.185	September 18, 2209	3,184,167	-	-	-	3,184,167
$0.185	September 28, 2009	315,000	-	-	-	315,000
$0.24	November 19, 2009	525,000	-	-	-	525,000
$0.24	November 5, 2009	1,442,500	-	-	-	1,442,500
$0.19	November 5, 2009	67,500	-	-	-	67,500
$0.24	December 31, 2009	500,000	-	-	-	500,000
$0.19	January 19, 2010	649,617	-	-	-	649,617
$0.185	March 4, 2010	-	3,650,000	-	-	3,650,000
$0.10	July 18, 2010	-	4,139,467	-	-	3,650,000
		24,547,604	7,789,467	-	(3,299,132)	29,037,939

Off-Balance Sheet Arrangements

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

Proposed Transactions

At the Annual and Special General Meeting of International Wayside Gold Mines Ltd. (the "Corporation") on September 26, 2008 the following resolutions were passed.

(a) Subject to regulatory approval, the Corporation's Board of Directors were empowered to consolidate the share capital to facilitate the corporation's ability to attract new capital. Management proposes that the consolidation be on the basis of ten old common shares of the Corporation for one new common share of the Corporation.

(b) Golden Cariboo Resources Ltd. ("GCC"), a related party under the policies of the Exchange, has approached the Corporation regarding the purchase of GCC's interest in the Cariboo Gold Project located near Barkerville, BC. Subject to regulatory approval, the Corporation's offer to purchase the

assets of GCC was approved at the Annual and Special General meeting. The Corporation has made the following offer to GCC.

(i) $600,000 on the closing date of the Corporation's purchases of GCC's interest in the Cariboo Gold Project (the "Closing Date")

(ii) $600,000 worth of the Corporation's common shares on the Closing Date at a deemed price per share equal to the closing price of such shares on the TSX Venture Exchange on the day preceding the date of issuance of such shares

(iii) $600,000 worth of the Corporation's common shares on the first anniversary of the Closing Date at a deemed price per share equal to the closing price of such shares on the TSX Venture Exchange on the day preceding the date of issuance of such shares; and

(iv) $500,000 worth of the Corporation's common shares on the second anniversary of the Closing Date at a deemed price per share equal to the closing price of such shares on the TSX Venture Exchange on the day preceding the date of issuance of such shares

The purchases by the Corporation of GCC's assets requires regulatory approval.

The Board of Directors of GCC retained Bruce McKnight to prepare a fairness opinion on the value of the Corporation's interest in the Cariboo Gold Project. He has a B.A.Sc in Geological Engineering from the University of British Columbia, an M.Sc in Engineering Geoscience from the University of California, Berkeley, and an MBA from Simon Fraser University. He is a member of the Association of Professional Engineers and Geoscientists of British Columbia (P.Eng) and a fellow of the Canadian Institute of Mining and Metallurgy (FCIM). Mr. McKnight is former Executive Director of the BC and Yukon Chamber of Mines and a former Corporate Vice President of Westmin Resources Ltd. He has over 30 years of senior level, international and domestic, mining industry experience and has been an active participant in the exploration, valuation, financing and development of several mines in British Columbia and elsewhere. Mr. McKnight confirms that he is free from current and/or potential conflicts in preparing the fairness opinion. He has no direct or indirect, past or current interest in the Corporation or GCC or their securities, nor does he expect to acquire or receive such interests, securities or benefits in future.

For further details regarding consolidation and property acquisition, see news release 08-12 August 29, 2008 on www.sedar.com.

Under the direction of exploration manager Jim Yin, Ph.D., P.Geo., a National Instrument I43-101 compliant report is being prepared on the GCC land package.

Critical Accounting Estimates

The significant accounting policies used by the Company are disclosed in Note 2 to the Financial Statements for the six months ended August 31, 2008. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstance may result in actual results or changes to estimated amounts that differ materially from current estimates. The following discussion identifies the critical accounting policies and practices of the Company and helps assess the likelihood of materially different results being reported.

Mineral properties

Mineral property acquisition costs include cash consideration paid and fair value of common shares issued on acquisition of the asset, based on the trading price of the shares at the date of the agreement. Amounts shown for mineral properties represent costs incurred to date, less write-downs. An impairment test is performed on this asset to determine whether the carrying value exceeds the fair value. Any excess in carrying value over fair value is an impairment. Fair value estimates are subject to measurement uncertainty. A change in these estimates would impact the mineral properties and a corresponding charge to statement of operations.

Asset retirement obligations
The Company records a liability for the fair value of legal obligations associated with the retirement of mineral property assets. The liability is equal to the discounted fair value of the obligation in the period in which the asset is recorded with an equal offset to the carrying amount of the asset. The liability then accretes to its fair value with the passage of time and the accretion is recognized as an expense in the financial statements. The total amount of the asset retirement obligation is an estimate based on the Company's net ownership interest in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. The total amount of the estimated cash flows required to settle the asset retirement obligation, the timing of those cash flows and the discount rate used to calculate the present value of those cash flows are all estimates subject to measurement uncertainty. Any change in these estimates would impact the asset retirement liability and the accretion expense.

Stock-based compensation
The Company applies the fair value method for valuing stock option grants and warrants. This method requires the Company to make estimates of expected stock volatility, the expected hold period prior to exercising options, expected forfeitures of options and expected dividends to be declared by the Company. The calculation of the fair value of stock based compensation is not adjusted for the value actually received by the optionees and warrant holders. The stock-based compensation expense will not represent the actual fair value received by the optionees warrant holders as the fair value is estimated at the time of grant and is not adjusted. Due to the time period and the number of estimates involved, it is likely that the actual value of the options and warrants will differ materially from what has been recorded in the financial statements.

Changes in Accounting Policies

Effective March 1, 2007, the Company adopted the new Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3855, Financial Instruments Recognition and Measurement; Section 3865, Hedges; Section 1530, Comprehensive Income; and Section 3861, Financial Instruments – Disclosure and Presentation (the “Financial Instrument Standards”).

Financial Instruments

The Financial Instrument Standards require that adjustments to the carrying value of financial assets and liabilities be recorded within retained earnings or, in the case of available-for-sale assets, accumulated other comprehensive income on transition. On March 1, 2007, the Company designated as available for sale assets its investment in marketable securities in the amount of $19,320. This classification resulted in no change in the cumulative adjustment to comprehensive income (loss) as the securities were recorded at market values at February 28, 2007. The fair value re-measurement for the year ended February 29, 2008 resulted in a loss in market value of $11,730. That was recorded in the statement of other comprehensive loss (note 11). The market value of the investment in marketable securities was $6,210 on August 31, 2008 as compared to $7,590 on February 29, 2008.

The Company no longer defers financing costs separately on its balance sheet and instead records all security issuance costs immediately in net income. The resultant impact of this change was a reduction in 2007 deferred financing costs of $112,282 and a corresponding increase to opening deficit of the same amount. The adoption of this new pronouncement has been accounted for retroactively without restatement.

The principal changes resulting from the adoption of the Financial Instrument Standards are as follows:

Under the new standards, financial assets and liabilities are initially recognized at fair value and are subsequently measured based on their classification as held-to-maturity, loans and receivables, available-for-sale, held-for-trading, or other financial liabilities as described below. The classification is not changed subsequent to initial recognition.

Held-to-maturity and Loans and Receivables
Financial instruments that have a fixed maturity date, where the Company intends and has the ability to hold to maturity are classified as held-to-maturity and measured at amortized cost using the effective interest rate method. Loans and receivables are measured at amortized cost using the effective interest method.

Available-for-sale
Financial assets classified as available-for-sale are carried at fair value (where determinable based on market prices of actively traded securities) with changes in fair value recorded in other comprehensive income. Available-for-sale securities are written down to fair value through earnings whenever it is necessary to reflect an other-than-temporary impairment. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability are added to its fair value.

Held-for-trading
Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. These instruments are measured at fair value with the change in the fair value recognized in income.

Other financial liabilities
Other financial liabilities are initially measured at fair value and subsequently measured at amortized cost, with any resulting premium or discount from the face value being amortized to income or expense using the effective interest method.

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding:

Cash	Held-for-trading
Restricted cash	Held-for-trading
Amounts receivable and advances	Loans and receivables
Due from related party	Loans and receivables
Available-for-sale securities	Available-for-sale
Accounts payable and accrued liabilities	Other financial liabilities
Due to related party	Other financial liabilities
Convertible Notes	Other financial liabilities

Risks Factors

There are many risk factors facing companies involved in the mineral exploration industry. Risk Management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all the risks inherent to the industry, the Company strives to manage these risks, to the greatest extent possible. The following risks are most applicable to the Company.

Industry and Mineral Exploration Risk

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's exploration efforts will be successful. At present, the Company's projects do not contain any proven or probable reserves. Success in establishing reserves is a result of a number of factors, including the quality of the project itself. Substantial expenditures are required to establish reserves or resources through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves.

The Company may be subject to risks which could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. The Company attempts to balance this risk through insurance programs where required and ongoing risk assessments conducted by its technical team.

Commodity Prices

The Company is in the business of metals exploration and as such, its prospects are largely dependent on movements in the price of various metals. Prices fluctuate on a daily basis and are affected by a number of factors well beyond the control of the Company. The mineral exploration industry in general is a competitive market and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist. Due to the current grassroots nature of its operations, the Company does enter onto price hedging programs.

Environmental

Exploration projects or operations are subject to the environmental laws and applicable regulations of the jurisdiction in which the Company operates. Environmental standards continue to evolve and the trend is to a longer, more complete and rigid process. The Company reviews environmental matters on an ongoing basis. If and when appropriate, the Company will make appropriate provisions in its financial statements for any potential environmental liability.

Disclosure for Venture Issuers without Significant Revenue

The following table lists the items required to be discussed under Part 5.3 of National Instrument 51-102 for the three most recently completed financial years:

Expressed in Canadian $

	Fiscal Year Ended February 29/28		
	2008 **$**	**2007** **$**	**2006** **$**
Capitalized acquisition costs [(1)]	225,000	4,461,632	716,318
General & administration costs [(2)]	1,594,921	1,734,760	1,301,699
Expensed exploration and development costs	866,317	1,654,171	450,624

(1) Does not include capitalized asset retirement obligation.
(2) Does not include exploration costs, stock-based compensation, accretion of convertible note discount, amortization deferred financing fee, or loan bonus and finder fees.

The details of capitalized acquisition costs, expensed exploration and development costs and general and administrative costs are disclosed in the audited financial statements.

Disclosure Controls and Procedures

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and other key management personnel have conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures. The Company evaluated the design of its internal controls over financial reporting as defined in Multilateral Instrument 52- 109 for the period ended May 31, 2008 and based on this evaluation have determined these controls to be effective except as noted in the following paragraph.

This evaluation of the design of internal controls over financial reporting for the Company resulted in the identification of internal controls deficiencies which are not atypical for a company this size including lack of segregation of duties due to limited number of employees dealing with accounting and financial matters and insufficient in-house expertise to deal with complex accounting, reporting and taxation issues.

Outstanding Share Capital

During the year ended February 28, 2006 the Company consolidated its share capital on a 10:1 basis.
The following table discloses outstanding share capital for the most recently completed three fiscal years: (Post consolidation) and as of August 31, 2008.

	August 31, 2008	**Fiscal year ended February 28/29**		
		2008	**2007**	**2006**
Authorized Capital	Unlimited	Unlimited	Unlimited	Unlimited
Issued and Outstanding	103,795,039	83,716,106	43,591,796	30,754,642
Options outstanding	7,025,221	7,025,221	2,324,464	1,987,964
Average price	$0.26	$0.26	$0.37	$0.36
Warrants outstanding	29,037,939	24,547,604	17,693,959	7,821,416

New Accounting Standards

In January 2007, the CICA published section 3031 of the Handbook, "Inventories", which prescribes the accounting treatment for inventories. Effective March 1, 2008, this Section prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense.

In February 2007, the CICA issued Handbook Section 1535, "Capital Disclosures" which is effective for fiscal years beginning on or after October 1, 2007. This standard requires disclosure of information that enables users of the Company's financial statements to evaluate the entity's objectives, policies and processes for managing capital.

In February 2007, the CICA issued Handbook Section 3862, "Financial Instruments – Disclosure" ("Section 3862") and Handbook Section 3863, Financial Instruments – Presentation ("Section 3863"), which are effective for fiscal years beginning on or after October 1, 2007. The objective of Section 3862 is to provide financial statement disclosure to enable financial statement users to evaluate the significance of financial instruments on the Company's financial position and performance and the nature and extent of risks arising from financial instruments that the Company is exposed to during the reporting period and at the balance sheet date, and how the Company is managing those risks. The purpose of Section 3863 is to enhance the financial statement user's understanding of the significance of financial instruments to the Company's financial position, performance and cash flows.

CICA 3064, Goodwill and Intangible Assets, will replace CICA 3062, "Goodwill and Other Intangible Assets", and results in withdrawal of CICA 3450, Research and Development Costs,

EIC-27, Revenues and Expenditures during the Pre-Operating Period and amendments to Accounting Guideline (AcG) 11, Enterprises in the Development Stage and CICA 1000, Financial Statement Concepts.

International Financial Reporting Standard -“IFRS” - The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the Company's financial statements has yet to be determined.

Effective March 1, 2008, the Company is required to adopt the Accounting Standards Board (AcSB) amendments to Section 1400. The amended Section 1400 includes requirements for management to assess an entity’s ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity’s ability to continue as a going concern.

While the Company is still evaluating the impact of these new standards, we currently believe the adoption of CICA 1400, 1535, 3064, 3862 and IFRS standards are expected to have a significant impact on the presentation and disclosure financial statements. CICA 3031 standard is not expected to have a significant effect on the Company’s financial statements.

Internal control reporting

The Canadian Securities Administrators decided not to proceed with the proposed multilateral instrument 52-111 Reporting on Internal Control over Financial Reporting and instead proposed to expand proposed multilateral instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings. The major changes resulting from this is the CEO and CFO will be required to certify in the annual certificates that they have evaluated the effectiveness of internal controls over financial reporting ("ICOFR") as of the end of the financial year and disclose in the annual MD&A their conclusion about the effectiveness of ICOFR. There will be no requirement to obtain an internal control audit opinion from the issuer's auditors concerning management's assessment of the effectiveness of ICOFR. There is also no requirement to design and evaluate internal controls against a suitable control framework. This proposed amendment is expected to apply for the year ended February 28, 2009, the Company is continuing with its evaluation of the ICOFR to ensure it meets the criteria for the proposed certification deadline.

Additional Disclosure Requirements

Additional information relating to the Company is available on SEDAR at www.sedar.com.