ADEX

Adex Mining Inc.
Management's Discussion and Analysis
For the three and nine months ended
September 30, 2008

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Discussion dated October 24, 2008

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Adex Mining Inc. ("Adex" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine months ended September 30, 2008. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion dated October 24, 2008 should be read in conjunction with the consolidated interim financial statements as at and for the three and nine months ended September 30, 2008 together with the notes thereto and the audited annual consolidated financial statements as at and for the year ended December 31, 2007 together with the notes thereto. Results are reported in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles.

Further information about the Company and its operations can be obtained from the offices of the Company, the Company website, www.adexmining.com, or www.sedar.com.

OVERVIEW OF THE BUSINESS AND OVERALL PERFORMANCE

The Company holds 100% of the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area of New Brunswick, Canada (the "Property" or "Mount Pleasant"). Within the mineral rights area, the Company owns approximately 405 hectares of land, plus the buildings, machinery and equipment on site which comprise the dormant Mount Pleasant mine. Two distinct poly-metallic mineral deposits have been identified during prior exploration and development programs. The principal metals include tungsten, molybdenum, tin and indium. The Property was mined for tungsten from 1983-85 by Billiton Exploration Canada Limited after which time it was closed due to numerous setbacks, including cost overruns, metallurgical difficulties and a significant decline in world prices of tungsten.

The Company has owned the Property since 1995. During 1995 to 1997 the Company embarked on various development activities. During the period from 1998 to July 2007, the Company kept its claims to the Property in good standing, but limited exploration activities were performed. On August 1, 2006, the Company completed a National Instrument 43-101 ("NI 43-101") compliant technical report (available on SEDAR) on the Property that described the historical exploration and development of the Property since the 1950's along with a resource estimate and proposed a $1.1 million technical evaluation program. In light of improvements in global commodity prices, the Company has initiated a new program of exploration and development.

On July 16, 2007, the common shares of the Company commenced trading on Tier 1 of the TSX Venture Exchange under the symbol "ADE". Also during fiscal 2007, the Company completed three equity financings raising total gross proceeds of $12.5 million.

Using the net proceeds of these equity financings, the Company has embarked on an exploration and development program designed to fast-track the Property towards the Definitive Feasibility Study ("DFS") phase. Should the DFS provide a positive economic assessment, the Company could potentially move forward with a production decision, followed by a mine development process leading to a resumption of mineral production at Mount Pleasant.

The Company's exploration and development program leading to a DFS is comprised of the following components:

2008 Drill Program

The Company has now completed its 2008 drill program, which comprised a total of 13,300 metres of definition and exploration drilling. The program was carried out in order to upgrade and expand the existing mineral resource estimates at the Property's Fire Tower Zone ("FTZ") and North Zone ("NZ"). The FTZ hosts a tungsten-molybdenum deposit, while the NZ hosts a tin-indium-zinc-copper deposit. All of the analytical results of the 2008 drill program have now been released to the public.

Preparation of NI 43-101-Compliant Technical Reports

Fire Tower Zone

On October 23, 2008 the Company announced a resource estimate that includes an “indicated” resource of 13,489,000 tonnes, as well as an “inferred” resource of 841,700 tonnes for its tungsten – molybdenum bearing FTZ. The resource estimate, completed by SRK Consulting (Canada) Ltd. (“SRK”) using an updated GEMCOM model, was conducted in conjunction with the preparation of an independent NI 43-101 Technical Report currently being completed by Watts, Griffis and McOuat Limited (“WGM”), all under the supervision of Trevor Boyd, P.Geo., the Company's Geological Consultant. Details of the resource estimate are as follows:

**FIRE TOWER ZONE - MINERAL RESOURCE ESTIMATE,
MOUNT PLEASANT MINE PROPERTY**

Area	Tonnes	%WO_3 (tungsten)	%MoS_2 (molybdenum)	%As (arsenic)	%Bi (bismuth)
Indicated					
Fire Tower West	**9,148,900**	**0.32**	**0.21**	**0.29**	**0.04**
Fire Tower North	**4,340,100**	**0.35**	**0.20**	**1.15**	**0.09**
Total Indicated	**13,489,000**	**0.33**	**0.21**	**0.57**	**0.06**
Inferred					
Fire Tower West	**831,000**	**0.26**	**0.20**	**0.21**	**0.04**
Fire Tower North	**10,700**	**0.26**	**0.17**	**0.26**	**0.05**
Total Inferred	**841,700**	**0.26**	**0.20**	**0.21**	**0.04**

This “indicated” mineral resource estimate is a required precursor to advancing the FTZ to the DFS phase. An updated NI 43-101 compliant technical report prepared by WGM on the FTZ will be filed at www.sedar.com within 45 days of October 23, 2008, the date of the release of the above mineral resource estimate.

North Zone

There is an historical non-NI 43-101 compliant total “resource” of 3,645,429 tonnes of 0.80% Sn, 107 parts per million Indium, 0.87% Zn and 0.19 % Cu at the NZ, based upon a 1997 feasibility study completed by Kvaerner Metals Davy Ltd. These historic estimates were prepared prior to the implementation of NI 43-101. A qualified person has not done sufficient work to classify these historical estimates according to NI 43-101 standards or the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards and Adex is not treating these historical estimates as current mineral resources as defined in NI 43-101. They are presented because Adex considers them to be relevant and of historic significance. These historical estimates should not be relied on.

The Company expects that the results of the 2008 drill program will bring the historical non-NI 43-101-compliant mineral resource estimate into NI 43-101 compliance and that an updated mineral resource estimate for the NZ will be announced by the Company by late December 2008, with a NI 43-101-compliant technical report prepared by WGM to be filed at www.sedar.com within 45 days of such announcement.

Fire Tower Zone Scoping Study

The Company has engaged Aker Solutions Canada Inc., a major multinational engineering consulting firm, to conduct a scoping study on the FTZ. An important step in assessing the economic potential of the FTZ's tungsten-molybdenum mineralization, the scoping study will be undertaken in compliance with NI 43-101 technical requirements. The study was commenced on June 30, 2008 and is expected to be completed by late October 2008.

The scoping study is designed to generate capital and operating cost estimates for the FTZ at a scoping level of definition. In support of these cost estimates, the study is to include a mining equipment list and capital cost estimate, proposed tailings management systems and projected additional site infrastructure needs, as well as a number of other deliverables.

A positive indication from the scoping study would assist the Company in making a decision to proceed with a full feasibility study of, and to obtain the regulatory approvals necessary to re-start production on, the tungsten and molybdenum-bearing FTZ.

Potential NZ Scoping Study

Once a NI 43-101-compliant technical report is completed for the NZ, it is expected that the Company will proceed with a scoping-level study, similar to that currently being prepared on the FTZ, to assess the economic possibilities for this tin-indium-zinc-copper mineralized zone as well. Recent analytical results of the 2008 drill program indicate both near-surface and at-depth tin-indium mineralization. A positive scoping study would potentially lead to a DFS on the NZ.

Metallurgical Testing Program and Environmental Planning

In order to prepare for scoping and pre-feasibility level activities at the Property, the Company has commenced initial metallurgical testing to optimize the extraction and recovery of the four primary metals – tungsten, molybdenum, tin and indium – that are hosted at Mount Pleasant in the two mineralized zones. The Company awarded its initial gravity separation test work to SGS Lakefield Research Europe, a leading multinational metallurgical testing facility located in the United Kingdom.

The results of the initial gravity separation test work will enable the Company to develop a conceptual, metallurgical flow sheet design for the separation, extraction and recovery of the metals hosted at Mount Pleasant.

Pursuant to an Approval to Operate granted by the New Brunswick Ministry of Environment in November 2007, the Company has completed an upgrade of its existing tailings impoundment facility located at the Property. Although the Approval to Operate does not currently permit mining operations at the Property, the Company expects that once it completes a DFS, it will commence the process of obtaining regulatory approval for a mining license which would be necessary for resumption of mineral production.

RESULTS OF OPERATIONS

Three months ended September 30, 2008

The Company's net loss for the three months ended September 30, 2008 was $401,904 or $0.00 per share ($797,360 or $0.01 per share for the three months ended September 30, 2007). The principal components of net loss during the three months ended September 30, 2008 were administrative and general expenses of $211,562 ($509,513 for the three months ended September 30, 2007), stock based compensation of $137,778 ($86,825 for the three months ended September 30, 2007) and mineral property expenses of $72,296 ($169,585 for the three months ended September 30, 2007). Interest earned on funds on deposit for three months ended September 30, 2008 for the Company was $20,026 ($71,435 for the three months ended September 30, 2007).

Nine months ended September 30, 2008

The Company's net loss for the nine months ended September 30, 2008 was $1,400,666 or $0.02 per share ($1,841,644 or $0.04 per share for the nine months ended September 30, 2007). The principal components of net loss during the nine months ended September 30, 2008 were administrative and general expenses of $741,643 ($921,618 for the nine months ended September 30, 2007), stock based compensation of $431,776 ($558,325 for the nine months ended September 30, 2007) and mineral property expenses of $336,248 ($216,851 for the nine months ended September 30, 2007). Interest earned on funds on deposit for nine months ended September 30, 2008 for the Company was $109,883 ($71,435 for the nine months ended September 30, 2007).

ADMINISTRATIVE AND GENERAL EXPENSES

For the three and nine months ended September 30, 2008, the administrative and general expenses are reflective of the costs associated with conducting the legal, regulatory and marketing activities of the Company. The 2007 costs were related to the Company's activities in relation to the listing of the common shares of the Company on the TSX Venture Exchange, as well as financing and marketing activities. During the three and nine months ended September 30, 2008, the Company also paid directors fees to its independent directors. In 2007, the Company had not commenced the payment of these fees until the third quarter of the year.

	Three months ended September 30		**Nine months ended September 30**	
	2008	2007	**2008**	2007
	$	$	**$**	$
Wages, benefits and consulting	**98,273**	411,874	**362,850**	567,737
Shareholder communications, advertising and regulatory and filing fees	**38,035**	26,387	**184,512**	92,675
Professional fees (legal & audit)	**25,761**	5,892	**75,377**	179,176
Directors fees	**18,000**	32,000	**54,000**	32,000
Office costs	**17,572**	7,004	**31,234**	22,971
Insurance	**10,764**	20,970	**21,654**	20,970
Travel	**3,157**	5,386	**12,016**	6,089
	211,562	509,513	**741,643**	921,618

MINERAL PROPERTY EXPENDITURES

The major changes to mineral property expenses between the three and nine months ended September 30, 2008 and the three and nine months ended September 30, 2007 have been as a result of increased activity related to the exploration and development program, metallurgical studies, tailings dam remediation, care and maintenance activities and the costs related to environmental compliance. As a result of equity financings completed in 2007, interest generated on cash deposits for the three and nine months ended September 30, 2008 increased in comparison to the same periods in 2007. Wages and consulting expenses were higher for the three months ended September 30, 2007 as a result of expenses related to the start up of new exploration and development activity, and have decreased during the same period in 2008 reflecting the the ordinary course of activity at the mine site. Insurance expenses for the same comparative periods also reflect the higher costs in 2007 due to start up costs relating to the renewed activity at the mine site.

	For the thee months ended September 30		For the nine months ended September 30	
	2008	2007	**2008**	2007
	$	$	**$**	$
Drilling and exploration	**1,309,427**	56,302	**2,771,135**	56,302
Technical reports	**405,841**	-	**586,859**	-
Tailings dam upgrade	**392,179**	-	**617,066**	-
Metallurgical studies	**69,684**	-	**356,365**	-
Wages and consulting	**34,295**	127,405	**199,335**	164,622
Maintenance and equipment rental	**44,529**	36,839	**125,292**	51,751
Environmental compliance	**10,223**	4,476	**38,230**	4,476
Utilities	**5,265**	11,883	**39,004**	24,066
Property taxes	**5,585**	5,565	**17,364**	17,302
Other	**7,585**	3,272	**26,340**	8,376
Interest income	**(29,186)**	(13,855)	**(91,317)**	(35,743)
Rental income	**(6,000)**	(6,000)	**(18,000)**	(18,000)
Total mineral property expenditures	**2,249,427**	225,887	**4,667,673**	273,152
Amount expensed	**72,296**	169,585	**336,248**	216,850
Amount deferred	**2,177,131**	56,302	**4,331,425**	56,302

SUMMARY OF QUARTERLY RESULTS

A summary of the eight most recent quarters is as follows:

	September 30, 2008	**June 30, 2008**	**March 31, 2008**	**December 31, 2007**
	$	$	$	$
Net income (loss) for the period	(401,904)	(498,325)	(500,438)	592,871
Net income (loss) per share - basic and diluted	(0.00)	(0.01)	(0.01)	0.01

	September 30, 2007	**June 30, 2007**	**March 31, 2007**	**December 31, 2006**
	$	$	$	$
Net income (loss) for the period	(797,360)	(798,603)	(245,680)	(371,707)
Net income (loss) per share - basic and diluted	(0.01)	(0.02)	(0.01)	(0.02)

The changes in net income per quarter are reflective of increased expenditures related to the listing of the common shares of the Company on the TSX Venture Exchange and the completion of the equity financings by the Company in 2007, as well as the ongoing administrative and general costs, and mine site care and maintenance costs that result from the current efforts aimed at moving the Property towards production.

- The net losses of the Company for the three months ended December 31, 2006, March 31, 2007, June 30, 2007 and September 30, 2007 reflect administrative, legal and audit expenditures related to the Company's activities in relation to having the cease trade orders applicable to the Company revoked and the listing of the common shares of the Company on the TSX Venture Exchange, as well as financing and marketing activities.
- The net income of the Company for the three months ended December 31, 2007 was as a result of an income tax gain of $1,050,000 resulting from the tax treatment of the renunciation to the holders of the Company's flow through common shares of Canadian Exploration Expenses incurred by the Company.

- The net loss of the Company for the three months ended March 31, 2008, June 30, 2008 and September 30, 2008 reflect administrative and marketing activities as well as non -deferred care and maintenance costs related to the Property.

The Company does not consider the effects of seasonality to be significant.

LIQUIDITY, CAPITAL RESOURCES AND BUSINESS PROSPECTS

As at September 30, 2008, the Company had net working capital of $4,702,455 ($8,645,669 as at December 31, 2007) and no long term liabilities.

The Company expects that expenditures on the exploration and development of the Property during the 2008 fiscal year will amount to approximately $5.5 million. Of the $5.5 million, $3 million was allocated to the now completed exploration program. Of the remaining $2.5 million, approximately $1 million has been and will be spent on the administrative requirements of the Company and $1.5 million has been and will be spent on the preparation of the two technical reports and the associated scoping study, improved mine site infrastructure, metallurgical test work, and environmental compliance.

Further development work, which may include a DFS and de-watering activities, will commence if and when the Company deems such expenditures prudent and beneficial based on results from its exploration and development program. The Company may require additional capital in order to undertake such further development work which will be raised by issuing debt and/or equity or entering into a joint venture to pursue the project with a third party. There is no assurance that the Company will be successful in raising additional capital or entering into a joint venture to pursue the project with a third party.

FINANCIAL INSTRUMENTS

The carrying amount of financial instruments approximates fair value unless otherwise noted. The Company's financial assets include the reclamation bond and interest receivable on the reclamation bond. As this bond and interest accrued are on deposit with the province of New Brunswick, the Company does not consider these assets to be subject to credit risk.

SHARE CAPITAL

The following table provides the details of changes in the number of issued common shares.
The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares.

	Number of shares	Amount $
Balance December 31, 2007	74,659,015	37,070,091
Warrants exercised	2,696,550	359,824
Balance March 31, 2008	77,355,565	37,429,915
Warrants exercised	10,761,796	1,429,409
Balance June 30, September 30 and October 24, 2008	88,117,361	38,859,324

On January 30, 2008, the Company granted 50,000 common share options with an exercise price of $0.33 to a consultant providing project management services to the Company. The options vest quarterly in equal amounts over a twelve month period from the date of the grant and expire on January 30, 2013.

On May 24, 2008, 1,800,000 broker compensation warrants, exercisable at $0.30 per common share, expired unexercised.

On June 11, 2008, the Company granted an aggregate of 1,600,000 common share options with an exercise price of $0.30 to directors, officers, certain employees and consultants of the Company. The options vest quarterly in equal amounts over a twelve month period from the date of the grant and expire on June 11, 2013.

On August 8, 2008, 190,000 common share options expired unexercised.

As of September 30, 2008, the Company had 250,000 warrants, 350,000 compensation warrants and 5,700,000 options outstanding. Each of the outstanding warrants, compensation warrants and options are exercisable to purchase one common share. The number of common shares outstanding on a fully-diluted basis as at September 30, 2008 and October 24, 2008 is 94,417,361.

RELATED PARTY TRANSACTIONS

During the three month period ended September 30, 2008, the Company incurred expenses of $73,500 (three month period ended September 30, 2007 - $49,500), related to the payment of director's fees to the Company's three independent directors (Bill Burton, Alan Marshall and Norman Betts) and the payment of management fees to the Company's three senior officers (Kabir Ahmed, President & Chief Executive Officer, Errol Farr, Chief Financial Officer and Will Burton, Controller). Of the $73,500, $18,000 represented directors fees, while the balance of $55,500 represented management fees. During the nine month period ended September 30, 2008, the Company incurred expenses of this nature of $220,500 (nine month period ended September 30, 2007 - $126,500). These amounts were expensed in the period incurred as administrative and general expenses. Expenses and amounts owing are measured at the exchange amount.

In 2008, the Company paid bonuses of an aggregate of $90,000 (nine month period ended September 30, 2007 - $410,000) to Kabir Ahmed, the President & Chief Executive Officer, Errol Farr, Chief Financial Officer and Will Burton, Controller as a special bonus in recognition of their efforts with regard to the Company's progress.

There are no amounts payable to these related parties at September 30, 2008. The amounts paid and owing are measured at the exchange amount, are non-interest bearing and due on demand.

ACCOUNTING POLICIES CHANGES

The consolidated financial statements of the Company for the three and nine months ended September 30, 2008 have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on a basis consistent with the Company's audited annual consolidated financial statements as at and for the year ended December 31, 2007 (except as noted below) and should be read in conjunction with those statements as they do not contain all information or disclosure to be accordance with Canadian generally accepted accounting principles for annual financial reporting. In the opinion of management, all adjustments considered necessary for fair presentation have been included in the consolidated financial statements of the Company for the three and nine months ended September 30, 2008. Operating results for the three and nine months ended September 30, 2008 may not be indicative of the results that may be expected for the full year ending December 31, 2008.

Use of estimates and assumptions
The preparation of the unaudited interim period consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures made in the unaudited interim period consolidated financial statements and accompanying notes. These estimates and assumptions are based on management's historical experience, best knowledge of current events and conditions and activities that may be undertaken in the future. Actual results could differ from these estimates.

Change in accounting policy – Capital Disclosures
Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535 - Capital Disclosures specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This new section places increased emphasis on disclosures about the nature and extent of risks and as such did not have an impact on the Company's financial results or position.

Change in accounting policy – Financial Instruments – Disclosure and Presentation
CICA Handbook Sections 3862 - Financial Instruments – Disclosure and 3863 Financial Instruments – Presentation have been adopted for interim and annual financial statements for the Company's reporting period beginning on January 1, 2008. The new Handbook Sections 3862 and 3863 replace Handbook Section 3861 - Financial Instruments - Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks and as such did not have an impact on the Company's financial results or position.

Change in accounting policy - General Standards of Financial Statement Presentation
The CICA amended Handbook Section 1400 - General Standards of Financial Statement Presentation to include requirements to assess and disclose an entity's ability to continue as a going concern. The main features of the changes are as follows:

- Management is required to make an assessment of an entity's ability to continue as a going concern;
- In making its assessment, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the balance sheet date;
- Financial statements must be prepared on a going concern basis unless management intends to liquidate the entity, to cease trading or cease operations, or has no realistic alternative but to do so;
- Disclosure is required of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern; and
- When financial statements are not prepared on a going concern basis, that fact should be disclosed, together with the basis on which the financial statements are prepared and the reason the entity is not regarded as a going concern.

The adoption of this change in accounting policy had no impact on the Company's financial results or position.

Future changes in accounting policy

International Financial Reporting Standards:

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed that the change-over to International Financial Reporting Standards ("IFRS") from Canadian Generally Accepted Accounting Principles ("GAAP") will be required for both interim and annual financial statements for all publicly traded companies, effective for fiscal years beginning on or after January 1, 2011. The AcSB stated in their exposure draft that early adoption is permitted. The Company has the appropriate resources committed to the development of its IFRS change-over plan during the coming year. Management has yet to identify what, if any, effects these new standards will have on the Company.

Goodwill and Other Intangible Assets and Financial Statement Concepts

In November 2007, the CICA: Accounting Standards Board ("AcSB"):

- Issued amendments to Handbook Section 1000 - Financial Statement Concepts and AcG 11 - Enterprises in the Development Stage;
- Issued a new Handbook Section 3064 - Goodwill and Intangible Assets to replace Handbook Section 3062 - Goodwill and Other Intangible Assets; and
- Withdrew Handbook Section 3450 - Research and Development Costs and amended EIC 27 - Revenues and Expenditures During the Pre-operating Period to not apply to entities that have adopted Section 3064.

These amendments provide guidance for the recognition of internally developed intangible assets, including assets developed from research and development activities, ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. The amendments are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008 and, therefore, the Company will implement them in the first quarter of 2009, retroactively with restatement of the comparative periods for the current and prior year. The impact of implementing these amendments on the Company's financial statements is currently being assessed.

RISK FACTORS

Given the Company's current status as an exploration stage company, there are numerous risk factors that could affect the Company's business prospects and future performance, including the following. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also affect the Company's business prospects and future performance.

Operating History
The Company has a very limited history of operations and must be considered a start-up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and an absence of revenues. There is no assurance that the Company will be successful in achieving a return on shareholder investment and the likelihood of success must be considered in light of its early stage of operations. The Company has no intention of paying any dividends in the foreseeable future.

Highly speculative business
The nature of the Company's business is highly speculative due to its proposed involvement in the exploration, development and production of minerals. Exploration for minerals involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that any commercial quantities of ore will be discovered by the Company. The commercial viability of a mineral deposit, if discovered, depends upon a number of factors including the particular attributes of the deposit (principally size and grade), the proximity to infrastructure, the impact of mine development on the environment, environmental regulations imposed by various levels of government and the competitive nature of the industry which causes base metal prices to fluctuate substantially over short periods of time. Most of these factors are beyond the control of the Company. Mineral exploration and development are highly speculative and few properties that are explored are ultimately placed into commercial production.

Insufficient resources or reserves
Substantial additional expenditures will be required to establish either resources or reserves on mineral properties and to develop processes to extract the minerals. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis or at all.

Barriers to commercial production
The Company will rely upon consultants and others for construction and operating expertise. The economics of developing mineral properties are affected by many factors including, but not limited to, the cost of operations, grade of ore, fluctuating mineral markets, costs of processing equipment, competition, extensions on licenses and other factors such as government regulations, including regulations relating to title to mineral concessions, royalties, allowable production, importing and exporting of minerals and environmental protection. Many of the above factors are beyond the control of the Company. Depending on the price of minerals produced, the Company may determine that it is impractical to either commence or continue commercial production.

Additional capital
The exploration and development of the Property will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on the Property. The Company will also require additional funding to acquire further property interests. The ability of the Company to arrange such financing in the future will depend, in part, upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from treasury of the Company, control of the Company may change and security holders may suffer additional dilution.

Commodity price and exchange rate fluctuations
The feasibility of mineral exploration is significantly affected by changes in the market price of the minerals expected to be produced. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply of minerals and stability of exchange rates can all cause significant fluctuations in mineral prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Key officers, consultants and employees
The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success. The Company has not purchased any key-man insurance with respect to any of its directors, officers or consultants and has no current plans to do so.

Title
No assurances can be given that title defects to the Property do not exist. The Property may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. If title defects do exist, it is possible that the Company may lose all or a portion of its right, title, estate and interest in and to the Property to which the title defect relates.

Title to mineral interests in some jurisdictions is often not susceptible to determination without incurring substantial expense. In accordance with industry practice, the Company conducts such title reviews in connection with its properties as it believes are commensurate with the value of such properties. The actual interest of the Company in certain properties may vary from the Company's records.

Maintaining interests in mineral properties
The Company's continuing right to maintain its ownership in its mineral property interests will be dependent upon compliance with applicable laws and with agreements to which it is a party. There is no assurance that the Company will be able to obtain and/or maintain all required permits and licences to carry on its operations. Additional expenditures will be required by the Company to maintain its interests in its properties. There can be no assurance that the Company will have the funds, will be able to raise the funds or will be able to comply with the provisions of the agreements relating to its properties which would entitle it to an interest therein and if it fails to do so its interest in certain of these properties may be reduced or be lost.

External market factors
The marketability and price of minerals which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. The Company will be affected by changing production costs, the supply or/and demand for minerals, the rate of inflation, the inventory levels of minerals held by competing companies, the political environment and changes in international investment patterns.

Governmental and regulatory requirements
Government approvals and permits are currently, and may in the future, be required in connection with the Company's operations. To the extent that such approvals are required and not obtained, the Company may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, which may include requirements for the Company to take corrective measures requiring capital expenditures, installation of additional equipment, or other remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in the development of properties.

Environmental regulations
All phases of the Company's operations are subject to environmental regulation. Environmental legislation is becoming more strict, with increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that environmental regulation will not adversely affect the Company's operations. Environmental hazards may exist on a property in which the Company holds an interest which are unknown to the Company at present which have been caused by previous or existing owners or operators of the property. The Company has in place a program of regular environmental monitoring to ensure compliance with existing environmental regulations.

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 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 operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The Company intends to fully comply with all environmental regulations in all of the countries in which it is active.

Conflicts of interest
Certain directors and officers of the Company are or may become associated with other natural resource companies which may give rise to conflicts of interest. In accordance with the *Business Corporations Act* (Ontario), directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. The directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and, accordingly, the Company will not be the only business enterprise of these directors and officers.

Uninsured risks
The Company currently has liability insurance in an amount which management considers adequate. However, in the future, the costs of such insurance may become prohibitive. The nature of the risks for mining companies is such that liabilities might exceed policy limits, certain liabilities and hazards might not be insurable, or the Company might, in the future, elect not to insure itself against such liabilities due to high premium costs or other reasons. Should such liabilities occur, the Company would incur significant costs that would have a material adverse effect upon its financial condition.

COMMITMENTS, CONTINGENCIES AND GUARANTEES

In the normal course of operations, the Company executes agreements that provide for indemnification and guarantees to third parties in transactions such as equity and debt issuances. The nature of substantially all of the indemnification undertakings prevents management from making a reasonable estimate of the maximum potential amount the Company could be required to pay third parties as the agreements do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time.

As the owner of the land which the Mount Pleasant property is located, which includes a dormant mine, the Company is obliged to comply with an environmental reclamation plan which is in effect for the property. This obligation is secured by a collateral mortgage to the Province of New Brunswick for $2 million on 22 hectares of land on which the primary buildings are located.

Reclamation bonds consist of Province of New Brunswick 8.5% bonds maturing June 28, 2013. The bonds are pledged as security under environmental regulations with the Province of New Brunswick to ensure adequate funding is available for perpetuity to treat the acid water run-off from the abandoned Mount Pleasant mine shafts. The bonds are held for the benefit of the Company, and interest is accrued bi-annually, as long as the Company continues to treat the acid water run-off appropriately. Accrued interest on deposit is disbursed at the discretion of the Ministry of Finance of the Province of New Brunswick.

OUTLOOK

The Company has embarked on an exploration and development program designed to fast-track the Property towards the DFS phase. Should the DFS provide a positive economic assessment, the Company could potentially move forward with a production decision, followed by a mine development process leading to a resumption of mineral production at Mount Pleasant.

The Company has entered into engagements with leading multinational engineering, metallurgical and geological consulting firms to move the Property forward towards the DFS stage of development. As the Company progresses on its pathway to a DFS, it may also consider joint venturing opportunities with senior mining companies in order to accelerate the timeline from a DFS to mine development and then ultimately the resumption of mineral production at Mount Pleasant.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A may constitute “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiary, or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this report, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such statements reflect the current expectations of the management of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those expressed or implied by those forward-looking statements, including the risk factors summarized above under the heading “Risk Factors”. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A speak only as of the date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.