

**INTERNATIONAL MONTORO RESOURCES INC.**  
(formerly Montoro Resources Inc.)

**Form 51-102F1**

***Management's Discussion & Analysis  
for the Year ended August 31, 2008  
(and containing information as of December 15, 2008)***

**Item 1: ANNUAL MD&A**

**Forward-looking Information**

This Management Discussion and Analysis ("MD&A") contains certain forward-looking statements and information relating to International Montoro Resources Inc. ("IMT" or the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to IMT. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to IMT or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of IMT exploration properties. Such statements reflect the current views of IMT with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of IMT to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the annual MD&A, additional important factors, if any, are identified here.

**1.1 Date**

The following discussion and analysis was approved by the Directors of the Company and should be read in conjunction with the audited financial statements for the year ended August 31, 2008 and the related notes thereto. All figures are in Canadian dollars unless otherwise noted.

**1.2 Overall Performance Summary**

- (i) The Company signed an option to acquire 100% interest in a 53 mineral claim units (938 hectares) cobalt/copper (**Malachite**) prospect in Bathurst, New Brunswick area. A 75% interest had been earned as of November 30, 2004, and the Company has completed additional diamond drilling and ground geophysics during the 2004 exploration season. The further 25% interest was earned in 2006 following the payment of the final \$10,000 property payment.
- (ii) On April 10, 2003 the Company signed a Property Option Agreement with Jaroslav Ruza ("Ruza") to acquire a 16 unit claim block (**Shaver Lake**), Bateman/Shaver Twp. in the Red Lake Mining Division, northwestern, Ontario. On May 8, 2003 the Company signed an agreement with Belmont Resources Inc. ("Belmont"), a related party whereby they have agreed to joint venture the exploration programs on the Shaver prospect and nearby Red Lake prospects which Belmont has also optioned from Ruza, 16 units (**Walsh Lake**), and will therefore assign a 50% interest in each other's option as they are earned from Ruza. On October 28, 2003 the Company and Belmont signed a further agreement with Ruza to acquire two additional claims-14 units adjacent to the Shaver Lake block. Subsequently, the Company and Belmont arranged the staking of an additional 6 claims (81 units) in the Bateman and Shaver Twp. adjacent to and contiguous with the optioned properties. On August 25, 2005 the Company, Belmont and Ruza signed an Amended

Option Agreement to exercise their rights to acquire a 100% interest (each to 50%) in the properties. NI 43-101 Reports have been prepared on these properties and details of the 2004 summer program of ground geophysical exploration and drilling results on Walsh Lake and the spring 2006 program of drilling on Shaver Lake follow in this Management Discussion.

- (iii) On February 27, 2004 the Company and Belmont signed a Property Acquisition Agreement with Shewchuck/Patrie to acquire patented claim mineral rights covering an area of 21.5 hectares (**East Bay**) in the Red Lake Mining Division.
- (iv) On April 11, 2006 the Company together with Belmont Resources Inc (50/50 j.v.) signed an Option Agreement to acquire 100% interest in 750 hectare one claim block in northern **Saskatchewan** near Uranium City (**Crackingstone River** claim). The Companies have received and SEDAR filed a NI 43-101 geological report (dated July 11, 2006) which outlines additional details on the property and recommendations for further exploration.
- (v) On April 11, 2006 the Company together with Belmont Resources Inc. (50/50 j.v.) signed an Option Agreement to acquire 100% interest in three claim blocks in the Central Mineral Belt Uranium District, **Labrador (Stormy Lake & Partridge River)**. The Companies have received and SEDAR filed a NI 43-101 geological report (dated August 30, 2006) which outlines additional details on the properties and recommendations for further exploration.
- (vi) On April 30, 2006 the Company signed a Property Acquisition Agreement to acquire 100% interest in two mineral claims located in the Greenwood Mining Division of **British Columbia (Ballistic 1 & 2)**.
- (vii) During October 2006 the Company together with Belmont Resources Inc. (50/50 j.v.) arranged the staking of three additional claims totaling 11,109 hectares (**Orbit Lake**) adjacent to and surrounding the Crackingstone claim block. See the Company news release dated October 24, 2006 as filed on SEDAR for more specific details on the merits of this staking area.
- (viii) On December 8, 2006 the Company signed a Property Acquisition Agreement to acquire 100% interest in nine mineral claims located in the Greenwood Mining Division adjacent to the two claims detailed in (vi) above. The claims are known as the **Cup Lake/Donen** uranium deposit in south-central British Columbia.
- (ix) On December 29, 2006 the Company signed a Property Option/Acquisition Agreement to acquire 100% interest in ten mining claims located in the Sault Ste. Marie Mining Division, Elliot Lake area, in Northern Ontario, known as the **Serpent River** property.
- (x) On April 5, 2007 the Company together with Belmont Resources Inc. (50/50 j.v.) entered into a property acquisition agreement with Ridgestake Resources Inc. (Ruza) to purchase a further 232 ha **adjacent to the Crackingstone** claim.
- (xi) On April 16, 2007 the Company together with Belmont Resources Inc. (50/50 j.v.) entered into an option agreement with Ultra Uranium Corp. ("Ultra"), whereby Ultra can acquire a 65% interest in the **Orbit Lake** claims. Upon earning a 65% interest in the Orbit, Ultra will then have the right to also acquire an interest in the adjoining Crackingstone uranium property located in the Uranium City, Saskatchewan area.
- (xii) On April 19, 2007 the Company together with Belmont Resources Inc. (50/50 j.v.) entered into an option agreement with International Alliance Resources Inc. ("Alliance"), whereby Alliance can acquire a 51% interest in the **Shaver Lake claims**, Red Lake Mining Division, Ontario.

- (xiii) On May 1, 2007 the Company together with Belmont Resources Inc. (50/50 j.v.) entered into an option agreement with Crosshair Exploration & Mining Corp. (“Crosshair”), whereby Crosshair can acquire a 75% interest in the **Central Mineral Belt (Stormy Lake & Partridge River)** Labrador claims.
- (xiv) On April 1, 2008 the Company together with Belmont Resources Inc. received notice from Crosshair that Crosshair will not continue with the option earn-in agreement on the **CMB Labrador claims**.
- (xv) On April 1, 2008 the Company together with Belmont Resources Inc. gave notice to the vendor that they will not continue to earn a further interest in the **CMB Labrador claims**. The Companies have earned 75% (each as to 37-1/2%) into these claims.
- (xvi) On April 24, 2008 the British Columbia Government (the “B.C. Gov’t.”) issued a public notice imposing a ban on uranium exploration and development in the province of B.C. This announcement impacts the **Cup Lake/Donen** Claims previously disclosed in (vi) and (viii).
- (xvii) On May 31, 2008 the Company notified the vendors of the **Cup Lake/Donen** Claims of initiating the force majeure clause and suspension of obligations including further cash, share payments, and exploration expenditures.
- (xviii) On August 31, 2008 year-end as a result of (xvi), the ban has negatively impaired the **Cup Lake/Donen** claims. Consequently, the capitalized mineral property acquisition costs and expenditures of \$1,930,059 have been written down to a nominal value of \$1.

## **Other**

On September 29, 2006, December 14, 2006, September 11, 2007 , **January 4, 2008 and July 22, 2008** the President, Gary Musil conducted interviews on the Smartstox Online TV Talk show, an international internet news portal on small-cap companies. The web-streamed CEO interview and corporate profile can be reviewed at [www.smartstox.com](http://www.smartstox.com) The Company compensates Smartstox.com for production of the materials.

**On July 16, 2008 the Company announced it had retained the services of The Richmond Club Corp. of Toronto to provide further investor exposure. The Richmond Club is a media company that showcases 3-4 companies that it feels, have an excellent chance of out-performing the market over a 1-2 year period, at its monthly luncheon meetings. The Richmond Club will receive a monthly fee of \$1,450 and will be granted 200,000 stock options. The term of the contract is 18 months.**

During the first quarter ended November 30, 2007 the Company has filed documentation for regulatory acceptance on the following **other** transactions:

**November 15, 2007** the Company filed with the Exchange a TSX Form 3C –Declaration of Certified Filing , Promotional Investor Relations & Market Making Activities and the November 14, 2007 agreement entered into between the Company and CHF Investor Relations Services to provide investor relations and market making services for a one year term . The agreement provided for compensation of \$7,500 per month. In addition, CHF received 130,000 incentive stock options with an exercise price of \$0.40 per share and 130,000 incentive stock options with an exercise price of \$0.50, all with a term of two years. **On January 16, 2008 the Exchange accepted for filing the Agreement.**

**November 16, 2007** the Company filed a TSX Form 4G- Summary Form advising the Exchange that the Company granted options during the month of October 2007 for the right to purchase up to an aggregate of 100,000 common shares at a price of \$0.35, expiring October 22, 2009 pursuant to the Stock Option Plan.

**November 30, 2007** the Company filed a TSX Form 4G –Summary Form advising the Exchange that the Company granted options during the month of November 2007 for the right to purchase up to an aggregate of 260,000 common shares at a price of \$0.40 (130,000) at \$0.50 (130,000), expiring November 15, 2009, pursuant to the Stock Option Plan.

During the second quarter ended February 29, 2008 the Company has filed documentation for regulatory acceptance on the following other transactions: Nil

During the third quarter ended May 31, 2008 the Company has filed documentation for regulatory acceptance on the following other transactions:

On March 25, 2008 the Company filed the Company’s annual renewal of its Rolling 10% Stock Option Plan (the “Plan”), which was approved by the Company’s shareholders at the Annual General Meeting that was held on January 31, 2008. On March 27, 2008 the Exchange accepted for filing the Plan.

On April 29, 2008 the Company filed a TSX Form 4G –Summary Form advising the Exchange that the Company granted options during the month of April 2008 for the right to purchase up to an aggregate of 550,000 common shares at a price of \$0.20, expiring April 16, 2010, pursuant to the Stock Option Plan,.

During the fourth quarter ended August 31, 2008 the Company has filed documentation for regulatory acceptance on the following other transactions:

**On July 23, 2008 the Company filed a TSX Form 4G –Summary Form advising the Exchange that the Company granted options for the right to purchase up to an aggregate of 200,000 common shares at a price of \$0.20, expiring July 16, 2011, pursuant to the Stock Option Plan.**

### 1.3 Selected Annual Information

		<b>Year-Ended August 31, 2008</b>	Year-Ended August 31, 2007	Year-Ended August 31, 2006
a.	Net Sales or Total Revenues	<b>\$6,843</b>	\$5,820	\$Nil
b.	Income or (Loss) before discontinued operations and extraordinary items	<b>(\$2,423,972)</b>	(\$646,250)	(\$216,610)
c.	Net Income or (Loss) in total *	<b>(\$2,423,972)</b>	(\$646,250)	(\$233,953)
d.	Net Income or (Loss) per fully diluted share basis	<b>(\$0.11)</b>	(\$0.05)	(\$0.04)
e.	Total Assets	<b>\$2,222,757</b>	\$2,926,192	\$853,629
f.	Total long-term financial Liabilities	<b>\$Nil</b>	\$Nil	\$Nil
g.	Cash dividends declared per share	<b>N/A</b>	N/A	N/A

#### **1.4 Results of Operations up to, during, and following the year ended August 31, 2008.**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may be different from those estimates. Additional significant accounting policies are detailed in Note 2 attached to the financial statements.

##### **(a) Financings and Share Issuances:**

During the **prior year's fourth quarter ended August 31, 2007**, the Company issued:

- (i) 116,000 common shares at \$0.30 pursuant to the exercise of warrants to net the treasury \$34,800.
- (ii) 2,044,000 common treasury shares relating to the completion in three tranches a 1,022,000 unit financing at \$0.90 for gross proceeds of \$919,800. Each unit consisted of one non flow-through share at a price of \$0.35, one flow-through share at a price of \$0.55, and one two-year warrant exercisable at \$0.65 in the first year and \$0.90 in the second year.
- (iii) 100,000 common shares at \$0.25 pursuant to the exercise of incentive stock options to net the treasury \$25,000.

During the **first quarter ended November 30, 2007** the Company issued:

- (i) 25,000 common shares at \$0.25 per share pursuant to the exercise of options to net the treasury \$6,250.

During the **second quarter ended February 29, 2008** the Company issued:

- (i) 800,000 common shares at \$0.30 per share pursuant to the exercise of warrants for total proceeds of \$240,000.
- (ii) 100,000 common shares (with a hold period to April 13, 2008) at a deemed price of \$0.40 per share for property payments due on the Serpent River-Elliot Lake property.
- (iii) 2,000,000 common shares (with a hold period to May 5, 2008) at a deemed price of \$0.30 per share for 1<sup>st</sup> anniversary property payments due on the Cup Lake/Donen property.
- (iv) 265,000 common shares at \$0.155 per share pursuant to the exercise of options for total proceeds of \$41,075.

During the **third quarter ended May 31, 2008** the Company issued:

- (i) Nil common shares

During the fourth quarter ended August 31, 2008 the Company issued:

- (i) **2,705,000 common shares at \$0.15 per share for gross proceeds of \$405,750. The unit financing consisted of one common share and one non-transferable common share purchase warrant. One warrant will entitle the holder thereof to purchase one additional common share of the Company for a period of 180 days (December 3, 2008) at a price of \$0.30 per share. For the following 365 days, two share purchase warrants will be required to purchase one additional share of the Company at a price of \$0.30 per share. The shares were issued on June 3, 2008 and have a four month hold period expiring October 4, 2008. The warrants expire December 3, 2009.**
- (ii) **425,000 flow-through common shares at \$0.20 per share for gross proceeds of \$85,000. The unit financing consisted of one flow-through common share and one non-transferable common share purchase warrant. The warrant terms and price are the same as those attached to the non flow-through units indicated above. The shares were issued on June 3, 2008 and have a four month hold period expiring October 4, 2008. The warrants expire December 3, 2009.**

**Finders fees of \$31,000 in cash were paid, \$4,843 in share issue costs incurred, and 48,000 brokers warrants were issued on the above financing. The brokers warrants comprised similar terms to those above-mentioned.**

**See Section 1.7 'Capital Resources' and Section 1.15 –A 'Subsequent Events' following for further financings and share issuances completed after August 31, 2008.**

**The following are highlights of the progress on the various projects, during the current year and in the past four years.**

**(b) South Trend/Overtime-Ungava, Raglan area, Quebec:**

Canadian Royalties Inc. has completed the exploration expenditures commitment and has earned its 100% interest in the property. **The Company holds a 1% NSR royalty (with \$1 million buyout provision).**

**(c) Malachite-Bathurst, New Brunswick:**

In **May 2004** the Company continued exploration on its 100% owned (53 mineral claim units-938 hectares) cobalt/copper project. The grid and subsequent Magnetic & VLF surveys were extended northeast along strike of the expanded 16 claims, which were staked in April 2004. A further 5 hole drill program was completed totaling approximately 675 metres to follow-up the down dip and strike potential of the Main Zone, the Smith Zone and to test a newly delineated VLF anomaly from the recent survey. Significant drill intersections were reported in the August 31, 2004 year-end MD&A and have been filed in prior news releases on SEDAR. Based on these results International Montoro has confirmed an extension of the previously reported presence of significant cobalt mineralization on the Malachite property.

Drilling indicates that the cobalt, copper and gold mineralized zone within the altered rhyolite on the Malachite Property has a strike length of at least 600 metres and a vertical depth of approximately 70 metres. This recent round of drilling was concentrated around the Smith Zone and Main Zone. Analysis of the drill core indicates the mineralized zone is significantly anomalous in nickel and gold as well as the previously reported cobalt and copper. This zone is untested at depth and along strike.

**A Phase III exploration program consisting of a deep penetrating EM survey with follow-up drilling is recommended.**

**(d) Shaver & Walsh Lake - Red Lake Mining Division – Northwestern, Ontario**

**In May 2004** the Company and Belmont announced the completion of three drill holes on its Walsh Lake, Bateman Twp. claims. The drilling (Holes BWL-04-01,-02, & 03) totaled 534 metres, and was targeted from the earlier completed detailed ground geophysical surveys (magnetic and VLF-EM). No significant gold values were obtained.

On **May 31, 2004** the Company and Belmont received a preliminary geophysics report on its (Shaver Lake) northern claim blocks.

The groundwork comprised 45.5 km of line cutting and ground grid. A ground grid of lines was put in place to facilitate and control the first surveying. The geophysical survey comprised 42.4 km of magnetic and VLF surveying space 50 metres apart over the line grid. The geophysics interpretation has targeted 5 drill sites in the south central portion of the claim block. Further details of the geophysical survey can be seen on SEDAR on review of our July 29, 2004 news release.

On **August 25, 2005** the Company and Belmont signed a Property Acquisition/Amended Option Agreement with the vendor of the Red Lake properties and completed 100% ownership by each Company issuing 140,000 common treasury shares at a deemed price of \$0.05 per share and paying \$4,500 in cash.

During the **third quarter ending July 31, 2006** the Company and Belmont completed a 930 meter, 6-hole diamond drilling program on their 30 unit property located in the Bateman and Shaver Twps. The objective of the program was to drill test a number of structures interpreted by Excalibur International Consultants Ltd. from the 2004 combined VLF and magnetic survey.

The drilling program was successful in intersecting zones of sulphide mineralization and quartz veining contained within altered mafic volcanic and intermediate to felsic intrusive rocks. The quartz veining was mineralized with pyrite, pyrrhotite and magnetite. A wide zone of weakly disseminated sulphide and magnetite mineralization was intersected in holes BSL-6, however did not return significant gold values.

The geophysical surveys identified several more significant magnetic high and conductive anomalies in the southern and northern portion of the property. These targets have not been drill tested and represent additional drilling targets for discovery of copper-nickel-PGM mineralization.

**On April 19, 2007** the Company together with Belmont Resources Inc. entered into an option agreement with International Alliance Resources Inc. (“Alliance”), whereby Alliance can acquire a 51% interest in the Shaver Lake claims, subject to regulatory approval. Terms of the agreement require Alliance to issue 500,000 common shares and incur \$500,000 in exploration expenditures (**\$100,000 work commitment on or before May 15, 2008 extended to September 30, 2008**) in stages, on or before July 31, 2010 and a **\$25,000 cash payment on or before March 15, 2008 (subsequently extended to September 30, 2008)**. Upon Alliance having exercised the First Option, they have been granted a Second Option to earn an additional 19% interest for issuance of a further 300,000 common shares and incurring a further \$1,500,000 in exploration by September 30, 2011. **The agreement is also subject to acceptance for graduation of Alliance from NEX to Tier 2 on the TSX Venture Exchange.**

(e) **East Bay – Red Lake Mining Division –Northwestern Ontario**

Further to our February 2004 announced acquisition agreement, the Company and Belmont reported in September 2004 receiving notification from their solicitor in Red Lake that the Transfer/Deed of Land has been completed. The properties are strategically located in Bateman Township approximately 3 km south/southwest of and along strike from the Wolfden/Placer Dome GAZ (Green Altered Zone) discovery and north/northwest of claims being developed by Rubicon and Goldcorp.

The Company and Belmont have received a preliminary review conducted by John B. Boniwell, Geophysical Consultant of Excalibur International Consultants Ltd. and further details can be seen on SEDAR upon review of our September 28, 2004 news release.

**The Companies are preparing a budget for a recommended work program and expect to embark on the exploration in the summer of 2009.**

(f) **Crackingstone River area – Northern Mining District – Saskatchewan**

**April 17, 2006** – The Company announced that together with Belmont Resources Inc. they have signed an agreement to acquire 100% interest in one claim block in northern Saskatchewan near Uranium City.

This claim comprises approx. 750 hectares in the Northern Mining District, Crackingstone River area. Historic work in the area dates back to the 1950's. From 1953 to 1982, sixteen deposits were brought into production in the Uranium City area, with total output in the order of 70 million pounds of uranium.

Terms of the Montoro/Belmont Option Agreement are \$30,000 cash over two years and 100,000 treasury common shares (\$15,000 and 50,000 shares each from Montoro and Belmont). The property is also subject to a 2% NSR (with a 1% buyout for \$500,000). The Company has paid its initial \$5,000 cash payment and issued the 50,000 shares. The shares had a four month hold period expiring August 25, 2006.

The companies have received a NI 43-101 report (**dated July 11, 2006**). Detailed merits of this prospect and a planned 2006/07 exploration program have been outlined in the report. See the **October 26, 2006** news release filed on SEDAR for more specific information on the Uranium potential of this property and the adjoining area.

**During the quarter ended February 28, 2007** the Companies completed a 87 km line cutting program which consisted of establishing grid lines and the initiation of a Mag/VLF-EM ground geophysical survey over the entire 750 hectare property. On **May 17, 2007** the Companies reported that the data has been correlated with known structures and recommends a soil sampling program on the highest priority anomalies, followed by horizontal loop electromagnetic surveys over key areas which will further identify targets for diamond drilling. The surveys also identified regional faults and shear zones that correlates with known uranium showings, and the potential to identify targets associated with main structural events at depth is excellent.

On **April 10, 2007** the Companies each paid the vendor the \$5,000 1<sup>st</sup> anniversary property payment. A second and final \$5,000 2<sup>nd</sup> anniversary property payment is due on April 11, 2008 at which time the Companies will have earned 100% interest in the claims.

On **April 5, 2007** the Companies each paid the same vendor \$2,500 to acquire an adjoining 232 hectare claim (“Onnie Lake”). On **August 23, 2007** the Companies received title transfer of 100% interest to the property. The vendor retains a two percent (2%) Net Smelter Return royalty.

**During the months of August, September and October 2007** the Companies mobilized a six person crew including two consulting geologists to follow-up on the February 2007 ground geophysical program. The program consisted of a channel and grab sampling program and a radon gas survey on the highest priority anomalies to further identify targets for diamond drilling. See the September 20, 2007 news release on the Company website and filed on SEDAR for an update on the program.

**During October 2007** the Companies contracted MPX Geophysics Ltd. to conduct a helicopter airborne magnetic and radiometric survey on the Crackingstone and Orbit (see section (i) following) claims. **On October 22, 2007** the Companies reported the completion of 1,391 km of 100 meter flight line spacing survey. Further details can be reviewed on the Company website and filed on SEDAR.

**On January 7, 2008** the Companies reported the results of the airborne survey and details can be reviewed on the Company website and filed on SEDAR.

**On February 1, 2008** the Companies reported the results of 278 channel and 12 grab samples taken during the summer/fall of 2007 from 18 of 32 known uranium showings. All samples contained uranium values. A total of 81 of 290 samples assayed over 75 ppm uranium (>0.009% U308), 34 samples over 500 ppm uranium (>0.059% U308), 21 samples over 1000 ppm uranium (>0.12% U308), and 5 samples over 5000 ppm uranium (>0.59% U308). Further specifics and details can be reviewed on the Company website and filed on SEDAR.

**On February 13, 2008** the Companies reported the results of a Radon Gas survey around the intersection point of the Crackingstone and Boom Lake Faults. The survey consisted of collecting a total of 93 samples along portions of the grid lines covering approximately 4.65 km at 50-meter sample intervals. The radon gas counts ranged from 10 cpm to 5540 cpm (counts per minute). Background values ranged from 10 to 100 ppm. Any value over 100 cpm was considered anomalous. Sample material consisted of muck, soil, clay and water collected from the low lying swampy areas and the soil-clay overburden areas. The survey was successful in identifying 10 areas of anomalous readings located within and proximal to the local structural features as observed from satellite photos of the areas. Further specifics and details can be reviewed on the Company website and filed on SEDAR.

**On March 3, 2008** the Companies announced they have engaged the services of a drilling contractor for a Phase 1 – up to 30 hole – minimum 3,000 meter (10,000 ft.) diamond drilling program.

**On April 7, 2008** the Companies each paid the vendor the final \$5,000 property payment and have now acquired 100% interest (50/50 with Belmont Resources Inc.). **On July 22, 2008** the Companies received title transfer of 100% interest.

**On July 15, 2008** the Companies announced the completion of the Phase 1 – 20 hole drill program totalling 3,075 meters. Core sample results have been received for C-01 to C-06-08 (inclusive), and portions of C-08 and C-09-08. The remaining core samples are being prepared for shipping to SRC labs for analysis.

**On July 22, 2008** the Companies announced assays up to 0.37% U308 (7.4 lbs./ton). The drilling tested and confirmed the presence of uranium mineralization for a strike distance of 1800 meters. Strongest results from C-08-08 intersected multiple radioactive zones and further in holes C-09-08. Further specifics of these results as well as in holes C-01 to C-07-08 (inclusive), can be reviewed on the Company website and filed on SEDAR.

**See Section 1.15 –A ‘Subsequent Events’ following for further transactions and announcements completed after August 31, 2008.**

**(g) Central Mineral Belt Uranium District - Labrador**

**April 19, 2006** – The Company announced that together with Belmont Resources Inc. they have signed an agreement to acquire 100% interest in four licences (126 units approx. 4000 ha) in the CMB.

**September 14, 2006** – The Companies announced that during the preliminary evaluation and due diligence in preparation for initial sampling and exploration of the four licences, it was discovered that the licences had lapsed. The vendor immediately arranged the staking of three new geologically and strategically located licences (128 units – 32.0 square km.) in the CMB, Labrador. No new or additional changes were made in the terms of the original agreement. Specific details and further information can be reviewed in the September 14, 2006 new release filed on SEDAR.

Terms of the Montoro/Belmont Option Agreement are: \$60,000 cash over two years and 200,000 treasury common shares (\$30,000 and 100,000 shares each from Montoro and Belmont). The property is also subject to a 2% NSR with a one percent (1%) buy-out for \$500,000. The Company has paid the initial \$7,500 cash payment and issued the 100,000 shares. The shares are subject to a four-month hold period expiring August 25, 2006.

**September 20, 2006** – The Company news released and filed on SEDAR specific details of the NI 43-101 Report dated August 30, 2006.

**October 12, 2006** – The Company announced the completion of 411 line km. of helicopter-borne high resolution magnetic and radiometric surveying over the entire three claim blocks.

The Companies received the survey results from Fugro Airborne Surveys, and contracted Intrepid Geophysics Ltd. and Encom Technology Pty Ltd. to complete the interpretation. A total of nine radiometric target anomalies have been identified. Detailed field mapping of the regional target areas, with subsequent refinement of the structural interpretation is recommended, and further field validation and sampling (stream, soil, and rock chip sampling) is being planned for 2007. Additional details and information can be reviewed in the **March 22, 2007** news release as filed on our website and SEDAR.

On **March 13, 2007** the Companies arranged the staking of an additional licence comprising 11 claims (“Otter Lake”) adjacent to the Stormy Lake.

On **April 10, 2007** the Companies each paid the vendor \$7,500 –1<sup>st</sup> anniversary property payments and are required to each pay a further \$15,000 –2<sup>nd</sup> anniversary property payments on April 11, 2008 to earn 100% interest in the claims.

On **May 1, 2007** the Companies entered into an agreement with Crosshair Exploration & Mining Corp. (“Crosshair”), whereby Crosshair can acquire a 75% interest in the four mineral licences totalling 139 claims by incurring \$800,000 in exploration expenditures, issuing to the Companies up to 175,000 common shares over a three-year period and making the cash payment to the vendor as detailed in the previous paragraph. Crosshair received acceptance for filing the agreement on **May 28, 2007**.

On **May 31, 2007** the Companies each received the first payment of 25,000 common shares of Crosshair as per the agreement. The Crosshair shares are subject to a hold period until September 30, 2007.

**On April 1, 2008** the Companies received the report and results of the fall 2007 exploration program completed by Crosshair. The exploration included geological mapping, prospecting, rock and lake sediment sampling. Crosshair's program did not identify any significant new showings or zones of uranium mineralization and have decided not to continue with the option earn-in agreement with Belmont and International Montoro Resources Inc. (the "Companies"). Further to this, the Companies informed the vendor of the CMB properties, that we do not wish to earn a further interest at this time. The Companies have earned 75% (each as to 37-1/2%) into these claims.

**(h) Triangle and Orbit Lakes –Northern Mining District – Saskatchewan**

**On October 24, 2006** the Company and Belmont announced the completion of staking of 11,109 hectares (the "Orbit") adjoining the Companies 750 hectare Crackingstone River Property ("CRR") property. Following the preliminary evaluation of the CRR property, additional staking was recommended to the west and north, based on the release of the results of a 2001 SNRC airborne magnetic and radiometric survey by the Saskatchewan Geological Survey of the Tazin Lake (Uranium City) area. For further details of the merit of this staking, please refer to the Companies news releases dated October 24, 2006 and March 26, 2007 as filed on our website and SEDAR.

**On April 16, 2007** the Company together with Belmont Resources Inc. entered into an option agreement with Ultra Uranium Corp. ("Ultra"). Ultra can acquire a 65% interest in the Triangle and Orbit Lake claims by making cash payments totaling \$150,000, issuing 175,000 common shares of Ultra and completing \$2 million in exploration expenditures over three years, with a minimum of \$300,000 in exploration to occur in the first year. Upon Ultra earning a 65% interest in the Orbit, it will have the right to acquire a 65% interest in the Companies CRR. Specific details of the second option are detailed in the news release dated April 16, 2007 as filed on our website and SEDAR.

**On June 5, 2007** Ultra received TSX Venture Exchange acceptance for filing documentation of the letter of agreement dated April 16, 2007. **On June 25, 2007 the Company and Belmont each received 37,500 common shares of Ultra (subject to a hold period until October 9, 2007) and \$25,000 cash payments as required under the agreement.**

**During the months of August, September and October 2007** the Companies mobilized a six person crew including two consulting geologists to follow-up on the February 2007 ground geophysical program. The program consisted of a channel and grab sampling program and a radon gas survey on the highest priority anomalies to further identify targets for diamond drilling. **See the September 20, 2007 news release on the Company website and filed on SEDAR for an update on the program.**

**On February 1, 2008** the Companies reported the channel and grab sample results taken. See the news release on the Company website and filed on SEDAR for further specifics and details.

**On April 30, 2008** the Companies announced the completion of an airborne magnetic/electromagnetic survey over the Orbit uranium project. This survey consisted of 1,319 line km using the Aerotem IV system.

**As at August 31, 2008, Ultra had not paid the first anniversary property payment of \$50,000 (the Company's portion being \$25,000) neither the 50,000 Ultra common shares (the Company's portion being 25,000 shares), and the agreement is in default.**

**See Section 1.15 –A 'Subsequent Events' following for further transactions and announcements released September 8, 2008.**

**(i) Cup Lake/Donen Claims – Greenwood Mining Division – British Columbia**

The TSX Venture Exchange accepted for filing a purchase agreement, dated **April 30, 2006**, between the Company, and Andrew and Larry Sostad, pursuant to which the Company has the right to acquire up to 100% interest in two uranium prospect mineral claims (the “Ballistic Mineral Claims”) located in the Greenwood Mining District of B.C.

The total consideration payable to the vendors is \$75,000 cash (paid) and 300,000 units (issued). Each unit comprises one common share and one warrant. Each warrant is exercisable into an additional common share at an exercise price of \$0.40 in the first year and \$0.50 in the second year.

**On December 8, 2006** the Company announced it has entered into an agreement to acquire a 100% interest in nine additional claims in the Cup Lake area, adjoining the Ballistic mineral claims in (h) above. On December 8, 2006 the Company news released and filed on SEDAR more specific details of these claims, and previous exploration that was conducted on these claims.

The terms of the agreement include the issuance of a total of 6,000,000 common shares at prescribed intervals up to December 1, 2008; a total of \$1.0 million in total cash payments staged annually up to December 1, 2009; and minimum exploration expenditures of \$800,000 over four years to December 1, 2010.

**On July 19, 2007** the Company announced that it has received and will file on SEDAR, a **NI 43-101 Technical Report (the “Report”) dated May 31, 2007, by Dr. Peter A. Christopher, PhD., P.Eng., on the Cup Lake/Donen (“Cup Lake”) uranium properties**, located in the Greenwood Mining Division in south-central British Columbia. The Cup Lake covers 11 claims totalling 1026.2 ha. Dr. Christopher recommends a success contingent staged evaluation program for further testing the uranium mineralization. A \$250,000 Phase 1 program containing specific work is detailed in the news release dated July 19, 2007 as filed on our website and SEDAR and in the Report.

**On July 27, 2007** the TSX Venture Exchange accepted for filing documentation relating to the **Purchase Agreement dated December 8, 2006** and the Company issued 2,000,000 common treasury shares (with a statutory hold period ending November 28, 2007) at a deemed price of \$0.30 per share and paid \$250,000 to the vendors as the initial agreed property payments. A property exploration program is being planned for early 2008.

**On January 4, 2008** the Company issued 2,000,000 common shares (with a hold period to May 5, 2008) at a deemed price of \$0.30 per share for the first anniversary property payments. In addition \$250,000 in cash property payments were made as due.

**On May 6, 2008** the Company reported that the **British Columbia Government (the “B.C. Government”)** had issued a public notice dated **April 24, 2008** imposing a ban on uranium exploration and development in the province of B.C. The Company is working with its advisors to assess the impact of the B.C. Government announcement in regards to compensation for damages caused. At this time the Company has not decided what action it may take.

**On May 31, 2008 the Company notified the vendors of the property of initiating the force majeure clause and suspension of obligations including further cash, share payments, and exploration expenditures. In the interim, the Company will keep the claims in good standing until the Company can assess its legal recourse.**

**The ban has negatively impaired the property. Consequently, the capitalized mineral property acquisition costs and expenditures of \$1,930,059 have been written down to a nominal value of \$1 effective August 31, 2008.**

**(j) Serpent River – Sault Ste. Marie Mining Division – Elliot Lake –Northern Ontario**

**On December 29, 2006** the Company entered into an agreement to acquire a 100% interest in ten mining claims in the Sault Ste. Marie Mining Division, Elliot Lake area, in Northern Ontario, known as the Serpent River property.

The terms of the agreement include the issuance of a total 500,000 common shares and \$500,000 in cash payments at prescribed intervals up to December 12, 2010. In addition, there is a 2.0% net smelter return relating to the acquisition. The Company may at any time purchase 1.0% of the NSR for \$1.5 million. The Company received TSX acceptance for filing on **January 26, 2007**, and issued the first tranche of 100,000 common shares at a deemed price of \$0.40 (with a statutory hold period of four months until May 27, 2007), and paid the initial cash payments of \$100,000. A finders fee of a total of 25,000 common shares and \$25,000 cash is also payable in stages as property payments are made.

**On March 29, 2007** the Company announced the receipt of and has filed a NI 43-101 compliant Technical Report completed by Scott Wilson Roscoe Postle Associates Inc. (“Scott Wilson RPA”). Highlights of the report can be reviewed in the news release filed on our website and on SEDAR.

**On July 16, 2007** the Company announced the commencing of the first phase program. Specific details can be reviewed in the news release as filed on our website and SEDAR. On August 30, 2007 the Company announced the contracting of a drilling company to conduct a minimum 2,500 meters of diamond drilling. The Company completed the necessary road work and access to the drill sites and retained the services of a consulting geologist to supervise the drilling program. The drilling 12 holes of NQ core commenced approximately September 24, 2007 on the Pecors Channel (the west side of the property) to better define the mineralized zone outlined by previous companies. The drilling of an additional 4 holes followed in the Whiskey Channel on the east side of the property designed to verify the extension of the channel. **See further updates on the progress of the drilling in news releases dated September 24, November 12, December 17, 2007 and January 3, 2008 on the Company website and filed on SEDAR.**

**On December 12, 2007** the Company issued 100,000 common treasury shares (with a hold period to April 13, 2008) at a deemed price of \$0.40 per share for the first anniversary property payment to the vendors. In addition \$100,000 in cash property payments were made as due.

**On December 18, 2007** the Company announced the engaging of Geotech Ltd. to conduct an airborne “VTEM” electromagnetic survey on the property.

**On March 25, 2008** the Company announced the results of a petrographic analysis of drill core and a VTEM magnetic and electromagnetic survey over the Serpent River uranium project –Elliot Lake, Ontario. The survey identified several high priority EM conductors. See the news release on the Company website and as filed on SEDAR for more specific details.

## (k) Operating Expenditures

Administrative Expenses from operations, before Other Items (and write downs of mineral interests) were lower by \$107,689 (17.7% decrease), \$500,756 in 2008 comparative to \$608,445 for the year ended August 31, 2007.

**Increases** were in: Travel, Promotion, Shareholder communications \$222,515 in 2008 compared to \$101,834 in 2007, as the Company incurred additional costs on website updates, preparing maps and text for mail-out brochures, mining publication advertising in, (UxConsulting, Source One, UraniumLetter International, Canadian & American Mines Handbook, Northern Miner, Ontario Mineral Exploration Review, Planning for Profits-Report on Mining, etc.) and online interviews (i.e. Smartstox). The Company also engaged CHF Investor Relations effective November 14, 2007. Consideration is \$7,500 per month for a term of twelve months. In addition, in the first quarter ended November 30, 2007, the President along with a fellow director, traveled to Toronto & Halifax, meeting various financial investment groups and introducing the Company to the eastern market, and to Elliot Lake-Ontario and Uranium City-Saskatchewan to review the exploration programs and meet the various contractors working on the properties. During March 1-5<sup>th</sup>, 2008, the President attended the annual Prospectors and Developers Convention (“PDAC”) in Toronto, Ontario and conducted a hospitality/information meeting for interested investors on the evening of March 5<sup>th</sup>. The President with CHF also conducted various broker/investor meetings in Montreal and Toronto from April 20-24, 2008 and July 9-10<sup>th</sup>, 2008. The President and a Director also attended the Canadian Uranium Symposium on April 2<sup>nd</sup> and 3<sup>rd</sup> in Vancouver. The President also presented the Company to the Richmond Club in Toronto on July 9<sup>th</sup>, 2008. Management fees increased by \$10,500 from \$38,500 in 2007 to \$49,000 as a result of an increase in the renewed contract. Effective February 1, 2008 the Company has agreed to extend the Management Services Agreement with the President for a further two years at a base salary of \$4,500 per month and other considerations. General office operations and overhead including Rent, Telephone, Salaries & benefits, office miscellaneous increased to \$63,549 in 2008 from \$54,003 in 2007, as a result of overall increased activity.

**Decreases** through the year ended August 31, 2008 were most notably in Consulting and finder’s fees \$45,250 in 2008 (\$75,390 in 2007); Filing and Transfer agent fees \$21,187 in 2008 (\$42,584 in 2007); Professional Fees decreased to \$28,777 from \$39,060 in 2007. Stock based compensation, a non-cash item decreased \$69,416 in 2008 (\$256,056 in 2007), as fewer incentive stock options were granted during the year compared to the year ended August 31, 2007.

## 1.5 Summary of Quarterly Results

The following table sets forth selected (unaudited) quarterly financial information for each of the last eight most recently completed quarters:

For the Quarterly Periods Ending on	August 31, 2008	May 31, 2008	February 28, 2008	November 30, 2007
Total Revenues	\$468	\$501	\$1,331	\$4,543
Net Income(Loss before discontinued Operations and extraordinary items)	(\$2,050,788)	(\$158,132)	(\$113,094)	(\$101,958)
Total Net Income (loss)	(\$2,050,788)	(\$158,132)	(\$113,094)	(\$101,958)
Basic (Loss) per share	(\$0.086)	(\$0.008)	(\$0.006)	(\$0.01)

For the Quarterly Periods Ending on	August 31, 2007	May 31, 2007	February 28, 2007	November 30, 2006
Total Revenues	\$5,820	\$Nil	\$Nil	\$Nil
Net Income (Loss) before discontinued operations and extraordinary items	(\$378,785)	(\$68,391)	(\$88,794)	(\$110,280)
Total Net Income (loss)	(\$378,785)	(\$68,391)	(\$88,794)	(\$110,280)
Basic (Loss) per share	(\$0.025)	(\$0.005)	(\$0.008)	\$0.012)

- The final quarters of the year recorded significantly higher gains or (losses) due to Other Items accounted for at year-end as follows:
  - At year ended August 31, 2007 an unrealized loss on write-down of \$43,625 in marketable securities
  - At year ended August 31, 2008 a write down of mineral assets of \$1,930,059 in the Cup Lake, B.C. Project.

## 1.6 Liquidity

The Company has no history of profitable operations and its mineral projects are at an early stage. Therefore, it is subject to many risks common to comparable junior venture resource companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues.

At August 31, 2008, the Company had working capital deficiency of \$320,088 compared to working capital of \$839,447 at August 31, 2007. The Company's ability to continue as a going concern in the short term is dependent upon its ability to obtain financing. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable.

## 1.7 Capital Resources

The Company's sources of funds are derived from: (i) private placement financings (flow through and non-flow through); (ii) shareholders loans; (iii) disposition of a portion or all of its mineral prospects; and (iv) mineral exploration provincial grants.

Additional disclosure concerning the Company's general and administrative expenses, resource property obligations and commitments are provided in the Company's Statement of Operations and Deficit and Notes therein for the August 31, 2008 audited Financial Statements.

## 1.8 Off-Balance Sheet Arrangements

The Company has no off-Balance Sheet Arrangements.

## 1.9 Transactions with Related Parties

See Note 6 of the audited financial statements as at August 31, 2008.

The Company shares office facilities and has common management and directorships with a number of public and private corporations. The Company is charged for office rentals and office services on a proportional cost basis. Charges of \$24,142 (2007 – \$23,099) were incurred in the year with related companies. Management believes that the methods of cost allocations and resultant costs are reasonable. These related party transactions are considered to be in the normal course of business and are measured at their exchange amounts, being the amounts agreed to by the parties. Amounts owing to related parties are unsecured, and non-interest bearing, accordingly, fair value cannot be determined.

The Company has renewed the management services agreement with the President/CEO for \$4,500 per month. During the year a total of \$49,000 (2007 - \$38,500) was accrued/paid. This agreement expires on February 1, 2010.

The Company paid a director \$1,500 during the year for consulting services.

The Company and a public company related through common directors are 50:50 joint venture partners in the Crackingstone, Saskatchewan properties. The related company is acting as the operator and incurs the expenditures for the project and invoices Montoro 50% cost plus 5% administration fee. Charges of \$739,735 (2007 -\$nil) were incurred during the year.

#### **1.10 Fourth Quarter**

Previously disclosed under Section 1.3, 1.4, 1.5 & 1.6.

#### **1.11 Proposed Transactions**

The previously reported Commitments on the various properties are reported in Note 5(i) of the audited financial statements as at August 31, 2008. Share Issue Commitments are reported in Notes 7 (c) and (d) of the August 31, 2008 financial statements.

#### **1.12 Critical Accounting Estimates**

N/A

#### **1.13 Changes in Accounting Policies including Initial Adoption**

See Note 2 “Accounting Policies” set out in the Company’s audited financial statements for the year ended August 31, 2008.

#### **1.14 Financial & Other Instruments**

The carrying value of the Company’s financial instruments, consisting of cash, amounts receivable, accounts payable and accrued liabilities and exploration advances payable approximates their fair value due to the short-term maturity of such instruments. The carrying value of term deposits and amounts due from and due to related parties also approximates fair value. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

#### **1.15 Other MD&A Requirements**

Additional Information related to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com) and our website at [www.MontoroResources.com](http://www.MontoroResources.com)

On January 31, 2008 at 10:00 a.m. the Company held its 2008 Annual General Meeting (“AGM”).

On January 31, 2008 the shareholders re-elected Gary Musil, Bruce E. Bried, Roger Agyagos and Brent Griffin to the Board for the upcoming year. The directors appointed Gary Musil as President/Chief Financial Office and Roger Agyagos as Corporate Secretary. All other resolutions submitted by Management for consideration were approved as presented.

## A. SUBSEQUENT EVENTS

- (i) **Warrants Exercised/Expired:** Nil exercised/ Nil expired
- (ii) **Options Exercised/Expired:** Nil exercised  
- On October 31, 2008, - 350,000 stock options at \$0.25 expired unexercised.
- (iii) **Grant of Options:** Nil
- (iv) **Termination of Options:** Nil
- (v) **Other Transactions and News Releases:**

-On September 8, 2008 the Company along with Belmont Resources Inc. and Ultra Uranium Corp. announced the results of a second geophysical airborne (electromagnetic/magnetic) survey, consisting of 1319 line km using the Aerotem IV system, which is the newest and highest power airborne survey equipment available, covering the Orbit claims (11,109 ha). The survey confirmed 19 electromagnetic conductors of which 6 have significant strike length from 1 km to 3.5 km. Four of the conductors are coincident with significant radioactive zones detected in the 2007 airborne radiometric survey and with historical uranium showings. The survey further defined a more comprehensive sampling program being planned and will help to delineate drill targets for a planned 2009 drilling program. Further details of this news release can be reviewed on the Company website and filed on SEDAR.

-On September 17, 2008 the Company received TSX Venture Exchange acceptance for filing the completion of the second tranche of a non-brokered private placement financing for gross proceeds of \$19,250 as follows:

- 1) The sale of 75,000 non flow-through units at \$0.15 per unit. Each unit will consist of one common share and one non-transferable common share purchase warrant. One warrant will entitle the holder thereof to purchase one additional common share of the Company for a period of 180 days (March 17, 2009) at a price of \$0.30 per share. For the following 365 days (March 17, 2010) , two share purchase warrants will be required to purchase one additional share of the Company at a price \$0.30 per share; and
- 2) The sale of 40,000 flow-through units at \$0.20 per unit. Each units will consist of one flow-through common share and one non-transferable common share purchase warrant. The warrant terms and price are the same as those attached to the non flow-through units indicated above.
- 3) Finders fees of \$900 in cash were paid and 4,000 brokers warrants were issued on the above second tranche.

-On October 9, 2008 the Companies announced further drilling results on the Crackingstone, Uranium City, Saskatchewan project. More specific details can be reviewed in the news release on the Company website and filed on SEDAR. Additional drilling result news releases are following.

-On October 23, 2008 the Companies announced further drilling results on holes C-09-08 which included a 10.6m intersection from 53.1m to 63.7m depth with a 0.40m

intersection assaying 0.182% U3O8 (3.64 lbs./ton). Results on holes C-10 to C13-08 (inclusive) were also reported. More specific details can be reviewed in the news release on the Company website and filed on SEDAR.

-On October 28 & 29<sup>th</sup>, 2008 the President attended a number of meetings with brokers, brokerage firms, and investors, as well as a second presentation at the Richmond Club in Toronto.

On November 6, 2008 the Companies announced the final drilling results on holes C-14 to C-20-08 (inclusive). Hole C-14-08 was drilled to a depth of 121.3 m to intersect the northeast striking Boom Lake Fault and the east-west (North Crackingstone Fault) lineament. This hole returned the highest assay results from the 20 hole drill program, intersecting 0.3 m assaying 2.087% U3O8 (41.74 lbs./ton) included in a 3.0m intersection from 49.1m to 52.1m assaying 0.36% U3O8 (7.19 lbs./ton). Results from this intersection and more specific details can be reviewed in the news release on the Company website and filed on SEDAR.

On November 9 – 12<sup>th</sup>, 2008 the President attended the Rodman & Renshaw Global Investment Conference in New York and presented the Company to investors on November 11<sup>th</sup>. A copy of the Company powerpoint presentation can be reviewed on the Company website at [www.MontoroResources.com](http://www.MontoroResources.com)

On December 12, 2008 the Company issued 100,000 common treasury shares at a deemed price of \$0.40 to the vendors of the Serpent River property as per the 2<sup>nd</sup> anniversary property payment. A finders fee of 5,000 common shares were also issued.

**B. AUTHORIZED AND ISSUED SHARE CAPITAL AS AT DECEMBER 15, 2008**

**Authorized** – Unlimited common shares without par value  
**Issued and Outstanding:** 23,878,526 common shares

**C. OPTIONS, WARRANTS & CONVERTIBLE SECURITIES OUTSTANDING AS AT DECEMBER 15, 2008**

The following options, warrants, and convertible securities were outstanding as at December 15, 2008:

**(i) Options**

<u>Number</u>	<u>Exercise Price</u>	<u>Expiring Date</u>
730,000	\$0.35	July 31, 2009
100,000	\$0.35	October 22, 2009
130,000	\$0.40	November 15, 2009
130,000	\$0.50	November 15, 2009
550,000	\$0.20	April 16, 2010
200,000	\$0.20	July 16, 2011
<u>1,840,000</u>		

**(ii) Warrants**

<u>Number</u>	<u>Exercise Price</u>	<u>Expiring Date</u>
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492,000	\$0.40	January 19, 2009
478,878*	\$0.90 *	June 26, 2009*
440,922*	\$0.90 *	July 17, 2009*
122,300*	\$0.90 *	August 1, 2009*
3,178,000 **	\$0.30	December 3, 2008**
<u>119,000***</u>	\$0.30	March 17, 2010***

4,831,100

-During the fourth quarter ended August 31, 2008:

- (i) \*On July 3, 2008 the Company announced the reducing of the exercise price of 1,042,100 share purchase warrants issued as part of a unit private placement completed in three tranches on June 26, 2007, July 17, 2007, and August 1, 2007, from \$0.65 in the first year of the warrants and \$0.90 per share in the second year of the warrants to \$0.35 per share for the remaining term of the warrants, subject to an accelerated exercise period and regulatory approval. **The Company is in the process of obtaining investors approval before applying for final TSX acceptance.**
- (ii) 300,000 warrants at an exercise price of \$0.50 expired unexercised on June 28, 2008;
- (iii) 107,200 warrants at an exercise price of \$0.40 expired unexercised on July 21, 2008;
- (iv) 478,878 warrants at an exercise price of \$0.65 were unexercised on June 26, 2008 and are now priced at \$0.90 until June 26, 2009;
- (v) 440,922 warrants at an exercise price of \$0.65 were unexercised on July 17, 2008 and are now priced at \$0.90 until July 17, 2009;
- (vi) 122,300 warrants at an exercise price of \$0.65 were unexercised on August 1, 2008 and are now priced at \$0.90 until August 1, 2009.

\* \*After six months (December 3, 2008) any unexercised warrants will reduce by one-half (1/2) and therefore only 1,589,000 share purchase warrants will be available for exercise at \$0.30 expiring December 3, 2009.

\*\*\*After six months (March 17, 2009) any unexercised warrants will reduce by one-half (1/2) and therefore only 59,500 share purchase warrants will be available for exercise at \$0.30 expiring March 17, 2010.

#### **D. RISKS AND UNCERTAINTIES**

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical.

The Company has no significant source of operating cash flow and no revenue from operations. The Company has either not yet determined whether its mineral properties contain mineral reserves that are economically recoverable or where reserves have been determined, mining operations have not yet commenced. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

The property interests in which the Company has an option to earn an interest are in the exploration stages only, are without and may not result in any discoveries of commercial mineralization, and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines, the result being the Company will be forced to look for other exploration projects.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters.