

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

Form 51-102F1

***Management's Discussion & Analysis
for the 2nd Quarter ended February 28, 2010
(and containing information as of April 23, 2010)***

Item 1: INTERIM 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 unaudited financial statements for the quarter- ended February 28, 2010 and the related notes thereto. All figures are in Canadian dollars unless otherwise noted.

1.2 Overall Performance and Development

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

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

On **May 7, 2001** the Company signed a Property Acquisition Agreement to acquire a 100% interest in an 81 unit mineral claim block, subject to a 3% NSR.

On **November 18, 2002** the Company optioned its 100% interest to Canadian Royalties Inc. ("CZZ") for \$30,000 cash and work commitments of \$500,000 in staged exploration over four years.

Canadian Royalties Inc. completed the exploration expenditures commitment and has earned its 100% interest in the property during **2005**. **The Company holds a 1% NSR royalty (with \$1 million buyout provision).**

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

On **April 8, 2002** the Company signed an option to acquire 100% interest in a 53 mineral claim unit block (938 hectares) cobalt/copper prospect in the Bathurst, New Brunswick area. See **April 12, 2002** NI 43-101 Geological Report by Doug Clark, P.Geo. filed on SEDAR for further information. Initial work included linecutting (15 km grid,) soil sampling (421 samples), magnetic-VLF survey, geological mapping at 1:2,500 scale, trenching and rock sampling. A picket line grid was established over the central portion of the claim group designed to cover two known mineral showings. An **October 12, 2002** Report of Work by Doug Clark, P.Geo. is available as filed for assessment purposes.

During **January/February 2004** the Company completed four (4) shallow drill holes totaling 446.5 metres. Two holes (M04-01 & M04-03) were drilled in the Main Zone which contained previous assays of up to 0.1% cobalt and 2.06% copper. Significant drill intersections and assays in all four holes included: 3.0 metres of 0.19% Co & 0.31% Cu; 0.5 metres of 0.24% Co; 24.8 metres of 0.176% Co & 0.176% Cu; 4.8 metres of 0.35% Co; 2.8 metres of 0.51% Co; 0.5% 2.07% Cu and 3.03% Cu. Further results are detailed in a news release and on SEDAR.

In **May 2004** the Company continued exploration. 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 75% interest had been earned as of **November 30, 2004**. A further 25% interest was earned in **2006** following the payment of the final \$10,000 property payment.

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

The Company has not had any work performed in the last three years, does not plan further investment in the foreseeable future, and have reviewed EIC 174 –Mining Exploration Costs which discusses impairment of deferred exploration costs and in particular references to specific paragraphs of ACG 11 –Enterprises in the Development Stage and HB 3063 – Impairment of Long Lived Assets. **As a result of this review and impairment tests, management has decided to write-down \$184,701 in acquisition and deferred exploration costs as at August 31, 2009.**

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

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.

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 could acquire a 51% interest in the Shaver Lake claims, subject to regulatory approval. The agreement was also subject to acceptance for graduation of Alliance from NEX to Tier 2 on the TSX Venture Exchange.

As of November 30, 2008 the agreement with Alliance remained in default as the Company had not received the cash payment of \$25,000 (\$12,500 each to the Company and Belmont) and the work commitment of \$100,000 has not been fulfilled.

On February 27, 2009 the Company and Belmont received notice from Alliance that Alliance was not able to proceed with the acquisition of an interest in the Shaver Lake property.

On April 13, 2009 the Company and Belmont announced the termination of the Alliance agreement and retains 100% interest (each as to 50%) in the claims. The Companies have received other expression of interest and inquiries regarding joint venture options, however no agreements or letters of intent have been signed to date.

*The Company has not had any work performed in the last three years, does not plan further investment in the foreseeable future, and have reviewed EIC 174 –Mining Exploration Costs which discusses impairment of deferred exploration costs and in particular references to specific paragraphs of ACG 11 –Enterprises in the Development Stage and HB 3063 – Impairment of Long Lived Assets. **As a result of this review and impairment tests, management has decided to write-down \$197,718 in acquisition and deferred exploration costs as at August 31, 2009.**

(d) East Bay – Red Lake Mining Division –Northwestern Ontario

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.

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.

***See the last paragraph of (c) above regarding write-downs**

(e) Crackingstone River area – Northern Mining District – Saskatchewan

On **April 11, 2006** the Company together with Belmont Resources Inc.(50/50 j.v.) signed an Option 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 (the “Companies”) 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 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 geological 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 co-relates 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 1st anniversary property payment. A second and final \$5,000 2nd 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 had engaged the services of a drilling contractor for a Phase 1 –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% U3O8 (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.

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 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 December 29, 2008 the Companies signed an Agreement to Option to Merrex Gold Inc. (“Merrex”) a 50% interest in their jointly owned Crackingstone uranium property. Pursuant to terms of the option agreement, Merrex will issue Montoro and Belmont 1,200,000 common shares (the “Merrex Shares”) (600,000 shares to each of Montoro and Belmont) and will incur \$1,200,000 of exploration expenditures in the first year and may incur a further \$2,400,000 of exploration expenditures in the second year to earn up to 50% interest in the Crackingstone property. The Merrex Shares (received) were subject to a four month hold period expiring April 30, 2009.

On December 30, 2008 the TSX Venture Exchange accepted for filing the above-mentioned transaction.

(f) Central Mineral Belt Uranium District (“CMB”) - Labrador

On April 11, 2006 the Company together with Belmont Resources Inc. (“Belmont”) (50/50 j.v.) 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 (**Stormy Lake & Patridge River**), 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 were 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 –1st anniversary property payments and are required to each pay a further \$15,000 –2nd 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 were 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 consequently Crosshair decided not to continue with the option earn-in agreement with Belmont and International Montoro Resources Inc. (the “Companies”).

On April 1, 2008 the Companies notified the vendor of the CMB properties, that they did not wish to earn a further interest at this time. **The Companies have earned 75% (each as to 37-1/2%) into these claims.**

(g) Triangle and Orbit Lakes –Northern Mining District – Saskatchewan

On October 24, 2006 the Company and Belmont Resources Inc. (“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 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.

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 December 19, 2008, the Company delivered notice to Ultra of termination of the option agreement relating to outstanding payments. 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.

On **April 29, 2009**, the Company and Belmont announced they were unable to negotiate amended option terms pursuant to the original April 16, 2007 property option agreement with Ultra. The Companies consider the Agreement to be terminated and accordingly the option ended on both the Orbit and Crackingstone properties (section –e preceding).

(h) 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 had 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 an agreed 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 an agreed 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.**

On July 16, 2009 the Company filed a Statement of Claim in the Supreme Court of British Columbia alleging that the Province of British Columbia in imposing a uranium and thorium reserve under the Mineral Tenure Act on April 24, 2008, has prevented the Company from exploring for, developing, or producing uranium or thorium from the Cup Lake/Donen uranium property and that the Province of B.C. has expropriated the Company's interest in the property. Further details of the Statement of Claim can be reviewed in the July 21, 2009 news release as filed on SEDAR and the Company's website as well as www.courts.gov.bc.ca Action S-095263.

Costs incurred of \$5,556 during the year, in keeping the claims in good standing have been written-off effective **August 31, 2009.**

On September 1, 2009 the Company reports that we have received a Statement of Defence from the Province of British Columbia regarding our action which alleges that the Province of B.C. has prevented the Company from exploring for, developing, or producing uranium or thorium from the Cup Lake/Donen uranium property and that the Province of B.C. has expropriated the Company's interest in the property. Further details of the Statement of Defence and news release are filed on SEDAR and the Company's website.

(i) 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 an agreed 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 finder's 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 an agreed 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.

On December 12, 2008 the Company issued 100,000 common treasury shares (with a hold period to April 13, 2009) at an agreed price of \$0.40 per share for the second anniversary property payment to the vendors. In addition a finders fee of 5,000 common treasury shares were issued as a result of this transaction.

On November 12, 2009 the Company announced they have resubmitted 71 pulps for reassaying from previous assayed samples relating to the November 2007 diamond drilling program on the Serpent River, Elliot Lake property. In review of the partial analytical method selected at the time, only a portion of the total suite of Rare Earth Elements (REE's) was captured. As a result of recent renewed interest in REE's it was decided to resubmit these pulp samples for analysis by a method that will measure the total REE content. Complete details of this news release are filed on SEDAR and the Company's website.

See Subsequent Events –Section 1.15 A following for further updates .

(j) West Voisey's Bay, Labrador

On December 29, 2008 the Company and Belmont agreed to acquire one-half of Merrex Gold Inc.'s (“Merrex”) 50% interest (net 25%) in the West Voisey's Bay Joint Venture (“WVBJV”) for \$1.2 million (paid \$600,000 each by Montoro and Belmont). Merrex will retain a net 25% participating interest in the WVBJV. Upon completion of this acquisition the West Voisey's Bay (“WVB”) Property will be held in a joint venture between Montoro (12.5%), Belmont (12.5%), Merrex (25%) and Celtic Minerals Ltd. (50%). Celtic is the WVBJV operator. The TSX Venture Exchange accepted for filing this transaction on **December 30, 2008**.

The Company subsequently examined the financial statements of our joint venture partners who reported they do not plan further investment in the foreseeable future, and have reviewed EIC 174 – Mining Exploration Costs which discusses impairment of deferred exploration costs and in particular references to specific paragraphs of ACG 11 –Enterprises in the Development Stage and HB 3063 – Impairment of Long Lived Assets. **As a result of this review and impairment tests management has decided to write-down \$599,999 in acquisition and deferred exploration costs as at August 31, 2009.**

(k) Chuchinka Property, northeast of Prince George, B.C.

On January 21, 2010 the Company entered into a Property Option Agreement to acquire a 100% interest in the 1,818.6 ha (4 claims- 100 units-Chuchinka Property) contiguous to and adjoining Spectrum Mining Corp's recently reported rare earth discovery, located in the Cariboo Mining District, approximately 80 km northeast of Prince George, B.C. Further details of the discovery can be reviewed in the January 26, 2010 news release as filed on SEDAR and on the Company website at www.montororesources.com

The terms of the agreement are as follows:

***The Company is to pay the vendor(s) the sum of \$12,000 upon execution of the agreement (paid) and a further \$38,000 (paid) upon TSX Venture Exchange approval;**

***The Company will issue to the vendor(s) 500,000 units at an agreed price of \$0.05 per unit within five days of Exchange approval (issued). Each unit comprises one common share of the Company and one common share purchase warrant entitling the holder thereof to purchase one additional common share of the Company for a period of two years at a price of \$0.10 per share in the 1st year and \$0.15 per share (1/2 warrant) in the 2nd year;**

***The Company will issue to the vendor(s) a further 500,000 units as above within six months anniversary of TSX approval;**

***The vendor(s) will retain a 2% net smelter return (NSR) royalty under standard industry terms with a 1% buyout for \$1 million.**

The Company will pay a finder's fee or commission of 8% in accordance with the policies of the Exchange (\$4,000 cash and 80,000 common shares will be paid in stages as the payments are made to the vendors)

On February 2, 2010 the TSX Venture Exchange accepted for filing documentation pertaining to the abovementioned Property Option Agreement. The property payment and finder's fee shares are subject to a statutory hold period until June 3, 2010.

On February 17, 2010 the Company entered into a Property Purchase Agreement with a non-related vendor to purchase an additional 449.0 ha (1 claim – 25 units) adjoining the Chuchinka Property. The terms of the agreement were as follows:

- The Company will issue to the vendor 200,000 common shares at an agreed price of \$0.08 per share within ten days of Exchange approval (issued);**
- The Company will pay the vendor the sum of \$6,250 (paid); and**
- The Company will grant the vendor a warrant for the right to purchase up to an aggregate of 100,000 common shares of the Company, exercisable for two years from the Exchange approval, as follows:**
 - In the first year, one warrant will be required to purchase one additional common share at a price of \$0.10 per share; and**
 - In the second year, two warrants will be required to purchase one additional common share exercisable at a price of \$0.15 per share.**

The vendor will retain a 2% NSR royalty with a 1% buyout for \$1 million.

The Company will pay a finder's fee or commission of 8% in accordance with the policies of the Exchange (\$500 cash and 16,000 common shares were paid).

On February 25, 2010 the TSX Venture Exchange accepted for filing documentation pertaining to the abovementioned Property Purchase Agreement.

The property payment and finder's fee shares are subject to a statutory hold period until June 26, 2010.

(l) Other

On September 29, 2006, December 14, 2006, September 11, 2007, January 4, 2008, July 22, 2008, March 25, 2009 and **February 28, 2010** 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 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 ending **December 15, 2009**.

On **March 19, 2009** the Exchange accepted for filing the Company's proposal to issue 6,000,000 shares to settle outstanding debt for \$240,000. On March 20, 2009 the Company completed the issuance of shares. The shares will have a hold period of four months + one day expiring July 21, 2009.

1.3 Selected Annual Information

		Year-Ended August 31, 2009	Year-Ended August 31, 2008	Year-Ended August 31, 2007
a.	Net Sales or Total Revenues	\$38	\$6,843	\$5,820
b.	Income or (Loss) before discontinued operations and extraordinary items	(\$1,309,453)	(\$2,423,972)	(\$646,250)
c.	Net Income or (Loss) in total *	(\$1,309,453)	(\$2,423,972)	(\$646,250)
d.	Net Income or (Loss) per fully diluted share basis	(\$0.05)	(\$0.11)	(\$0.05)
e.	Total Assets	\$1,264,395	\$2,222,757	\$2,926,192
f.	Total long-term financial Liabilities	\$Nil	\$Nil	\$Nil
g.	Cash dividends declared per share	N/A	N/A	N/A

1.4 Results of Operations up to, during, and following the quarter ended February 28, 2010.

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 fourth quarter ended August 31, 2009 the Company issued:

- (i) **On June 25, 2009 the Exchange accepted for filing documentation with respect to the 2nd tranche of a Non-Brokered Private Placement announced January 14, 2009 and amended February 23, 2009. The Company completed 1,180,000 units comprised of/ and issued 1,180,000 common shares (for gross proceeds of \$47,200) including 1,180,000 share purchase**

warrants at a price of \$0.06 if exercised in the first year, or 590,000 if exercised in the second year at a price of \$0.12 or \$0.20 if exercised in the third year expiring June 25, 2012. The shares and warrants issued have a statutory four month + one day hold period expiring October 26, 2009. \$1,600 in cash finders fee were paid as a result of this transaction.

During the first quarter ended November 30, 2009 the Company issued:

- (i) On October 1, 2009 the Company announced that it has arranged a non-brokered private placement financing for \$4,100 in working capital. The units being issued are as follows:

102,500 units at \$0.04 per unit. Each unit consists 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 one year up to October 2, 2010 at a price of \$0.06 per share. Thereafter in the second year, two warrants will be required by the holder thereof to purchase one additional common share at a price of \$0.12 per share (from October 3, 2010 to October 2, 2011), and in the third year at a price of \$0.20 per share (from October 3, 2011 to October 2, 2012).

- (ii) On October 21, 2009 the Company returned to Treasury 200,000 common shares and cancelled 200,000 share purchase warrants relating from the May 11, 2009 private placement issuance. The Company was unable to complete delivery against payment (“DAP”) with a brokerage firm on behalf of the clients, and the clients decided not to proceed with the subscription.

During the second quarter ended February 28, 2010 the Company issued:

- (i) On December 11, 2009 the Company issued 100,000 common treasury shares (with a hold period to April 12, 2010) at an agreed price of \$0.40 per share for the third anniversary property payment to the vendors of the Serpent River –Elliot Lake, Ontario project. In addition 5,000 common treasury shares were issued as finders fee relating to this issuance.
- (ii) On January 8, 2010 the Company announced an increase in the amount and working towards the completion of a further 2,000,000 non flow-through units from 5,000,000 units to 7,000,000 units at \$0.05 per unit.

The Company has closed the selling of its flow-through units as of December 31, 2009 completing 635,000 units at \$0.075 per unit for gross proceeds of \$47,625. Each unit consisted of one flow-through 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 one year at a price of \$0.10 per share. Thereafter in the second year, two warrants will be required by the holder thereof to purchase one additional common share at a price of \$0.15 per share.

- (iii) On January 15, 2010 the TSX Venture Exchange accepted for filing documentation with respect to the first tranche of the private placement announced December 1, 2009, and amended on January 8, 2010.

5.2 million non flow-through units at a price of \$0.05 per unit and 635,000 flow-through units at a price of \$0.075 per share were completed in the first tranche with 35 placees including pro groups and an insider. Finders fees totaling \$13,260 in cash were paid.

On January 15, 2010 the Company issued 5,835,000 common treasury shares and warrants. The shares and warrants have a hold period from trading until May 16, 2010.

- (iv) On January 25, 2010 the Company granted 1,800,000 incentive stock options to directors, officers and consultants under its Stock Option Plan for a period of three years at a price of \$0.10, subject to regulatory approvals and the Company Stock Option Plan.
- (v) On January 29, 2010 the Company issued 550,000 common shares as a result of the exercise of warrants at \$0.06 to net the treasury \$33,000.
- (vi) On February 2, 2010 the Company issued 500,000 common treasury shares and 1,000,000 warrants as per the Property Option Agreement detailed in preceding Section 1.2 (k). The Company also issued 40,000 common treasury shares as finder's fees.
- (vii) On February 3, 2010 the Company issued 1,800,000 common treasury shares and warrants completing the second tranche of the private placement announced and amended on January 8, 2010. The shares and warrants have a hold period from trading until June 4, 2010.
- (viii) On February 25, 2010 the Company issued 200,000 common treasury shares and 100,000 warrants as per the Property Acquisition Agreement detailed in preceding Section 1.2 (k). The Company also issued 16,000 common treasury shares as finder's fees.

See Section 1.7 'Capital Resources' and Section 1.15 –A 'Subsequent Events' following for further financings and share issuances completed after February 28, 2010.

(l) Operating Expenditures

Administrative Expenses from operations, before Other Items increased by \$26,289 (13.36% increase), \$223,401 in 2010 comparative to \$196,790 for the quarter- ended February 28, 2009. The main increase of \$57,542 –Stock based compensation was a non-cash item.

Increases were in: Salaries & Benefits slightly from \$15,611 in 2010 (\$15,375 in 2009); and Filing and Transfer Agent Fees \$14,640 in 2010 (\$8,641 in 2009) as a result of increased private placement and property agreement filings. General office operations and overhead including Rent, Telephone, and office miscellaneous also increased to \$10,826 in 2010 (\$10,785 in 2009). Management Fees reflects an increase of \$10,000 (\$27,000 in 2010; \$17,000 in 2009), due to the fact that this amount was allocated/capitalized last year to the Crackingstone project administration costs. Stock Based Compensation (a non-cash item) increased to \$93,138 in 2010 (\$35,596 in 2009) due to a number of options have been granted during the quarter.

Decreases through the second quarter ended February 28, 2010 were in Professional Fees (Accounting and legal fees) - \$12,833; decreased from \$15,940. The largest decrease -Travel, Promotion, Shareholder Communications was \$30,468 in 2010 compared to \$62,336 in 2009. The Company continues to update its website, and has updated text for mail-out brochures and mining publication advertising in, (Canadian & American Mines Handbook, Ontario Mineral Exploration Review) and online interviews (i.e. Smartstox). On October 28 & 29th, 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 9-12th, 2008 the President attended the Rodman & Renshaw Global Investment Conference in New York and presented the Company to investors on November 11th, however did not attend or present this year. The Company had received a monthly reduction in fees from CHF Investor Relations of \$1,500 per month from September 15 – November 14, 2008 and \$2,500 per month from November 15, 2008 for six (6) months until termination on May 14, 2009. The Company also incurred \$Nil in 2010 (\$2,740 in 2009) in property maintenance costs relating to keeping the Cup Lake/Donen claims in good standing. As the acquisition and deferred exploration costs were written down to \$1 as at August 31, 2008 any costs incurred are expensed in the quarter.

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	February 28, 2010	November 30, 2009	August 31, 2009*	May 31, 2009
Total Revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net Income (Loss) before discontinued operations and extraordinary items	(\$179,140)	(\$43,901)	(\$1,032,717)	(\$79,948)
Total Net Income (loss)	(\$179,140)	(\$43,901)	(\$1,032,717)	(\$79,948)
Basic (Loss) per share	(\$0.005)	(\$0.001)	(\$0.038)	(\$0.003)

For the Quarterly Periods Ending on	February 28, 2009	November 30, 2008	August 31, 2008*	May 31, 2008
Total Revenues	\$2	\$36	\$468	\$501
Net Income (Loss) before discontinued operations and extraordinary items	(\$88,618)	(\$108,134)	(\$2,070,038)	(\$138,882)
Total Net Income (loss)	(\$88,618)	(\$108,134)	(\$2,070,038)	(\$138,882)
Basic (Loss) per share	(\$0.004)	(\$0.005)	(\$0.086)	(\$0.007)

*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, 2008 a write down of mineral assets of \$1,930,059 on the Cup Lake, B.C. Project.

-At year ended August 31, 2009 a Gain on sale of \$2,445 in marketable securities.

-At year ended August 31, 2009 a write-down of mineral assets of:

- \$184,701 relating to the Malachite Project –New Brunswick

- \$197,718 relating to the Red Lake Projects –Ontario

- \$599,999 relating to the Voisey Bay Project – Newfoundland

- \$5,556 relating to the Cup Lake Project – British Columbia

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 February 28, 2010, the Company had a working capital deficiency of (\$102,848) compared to working capital deficit of (\$206,350) at August 31, 2009. 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 February 28, 2010 unaudited 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 unaudited financial statements as at February 28, 2010.

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 \$13,423 (2009- \$12,354) were incurred in the year with a related company. 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, have no fixed terms of repayment and are 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 \$27,000 (2009 - \$27,000) was accrued/paid. This agreement expired on February 1, 2010, and automatically renews for a further two year term.

The Company and Belmont Resources Inc.(a public company related through common directors), are 50:50 joint venture partners in the Red Lake Project-Ontario, the Central Mineral Belt Project-Labrador, the Crackingstone, and Orbit Lake- Saskatchewan Projects. Belmont is acting as the operator and incurs the expenditures for the project and invoices Montoro 50% of the costs plus 5% administration fee. No charges were incurred during the first two quarters ended February 28, 2010. The 2008 exploration program commenced in March 2008 and concluded in September 2008. The Company and Belmont incurred approximately \$1,200,000 in diamond drilling and exploration expenditures during the 2008 exploration program.

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(j) of the financial statements as at February 28, 2010. Share Issue Commitments are reported in Notes 7 (c) and (d) of the February 28, 2010 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 financial statements for the quarter-ended February 28, 2010.

International financial reporting standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of September 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011.

Management is currently working through planned IFRS transition stages. A changeover plan is being established to convert the new standards within the allotted timeline and is expected to consist of the following three key phases:

- ❖ Stage 1 – Raise awareness and assess;
- ❖ Stage 2 – Design; and
- ❖ Stage 3 – Implementation

The first stage will focus on raising awareness within the Company and for management and the accounting department to be introduced to IFRS. Thus far, activities in the introduction stage have included participation in IFRS workshops run by various experts including large accounting and auditing firms. Third party IFRS consultants have also been identified to aid in the process, including a stock-based compensation management and valuation program. Currently, a number of IFRS transition companies and service providers are offering programs to aid companies in the transition to IFRS, and management is in the process of reviewing a number of potential providers and their associated costs. These consultants have programs that are all encompassing and would provide management with project management advise on such key topics as general IFRS accounting policy differences, information technology requirements, disclosure and internal control differences.

The second stage will carry out a detailed assessment of the impact of the conversion to IFRS, and build the tools required for the conversion based on management’s decisions about accounting options and the related disclosures. While the Company has begun assessing the adoption of IFRS for 2012, the

financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. The Company's analysis will include identifying the differences between IFRS and the Company's current accounting policies, assessing the impact of the difference, and where necessary, analyzing the various policies that it could elect to adopt.

Stage three will roll-out the designed changes. The changes will include the development of new accounting policies and consolidation templates, preparing the IFRS financial statements and related note disclosures.

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 and our website at www.MontoroResources.com

A. SUBSEQUENT EVENTS

- (i) **Warrants Exercised/Expired:** Nil exercised/ Nil expired. **On March 17, 2010, -59,500 warrants at a price of \$0.30 expired unexercised.**
- (ii) **Options Exercised/Expired:** Nil exercised / **On April 16, 2010 – 550,000 options at a price of \$0.10 expired unexercised.**
- (iii) **Grant of Options:** Nil
- (iv) **Termination of Options:** Nil
- (v) **Other Transactions and News Releases**

-On March 1, 2010 the Company filed and mailed Notice of its Annual General Meeting of Shareholders, Information Circular and Proxy related materials. The meeting to take place on April 9, 2010. Record Date was set at March 1, 2010 for those shareholders entitled to have his or her shares voted at the Meeting or any adjournment thereof.

-On March 3, 2010 the Company announced that further to the TSX Venture Exchange bulletins of February 2nd and 25th, 2010 the Company has completed the acquisition of 100% interest in five claim blocks totaling 2,268 ha, the Chuchinka claims located in the Cariboo Mining Division, northeast of Prince George, B.C.

-On March 16, 2010 the Company announced a 2009 summary of field work has been published by the Ontario Geological Survey ("OGS") on and around the Company's 1,840 ha Serpent River Property, Elliot Lake, Ontario. More specific details of the report can be reviewed in the news release as filed on SEDAR and on the Company website at www.MontoroResources.com

-On March 23, 2010 the Company announced it has engaged Bid Capital Markets of Montreal, Quebec to provide investor relations consulting and related services. In consideration for such services, the Company has agreed to pay an aggregate monthly fee of \$5,000 plus GST. The appointment is subject to the requisite filings with and acceptance of the TSX Venture Exchange.

-On March 24, 2010 the Company has completed the first tranche of 2,094,000 units at \$0.06 per unit for gross proceeds of \$125,640. Each unit 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 one year at a price of \$0.12. Thereafter in the second year, two warrants will be required by the holder thereof to purchase one additional common shares at a price of \$0.15 per share until expiry date of March 24, 2012. Finder's Fees of \$9,648 were paid as a result of this first tranche of financing.

-On March 29, 2010 the Company announced the commencement of Phase 2 diamond drilling on the Serpent River property, Elliot Lake, Ontario. More specific details of the drilling program can be reviewed in the news release as filed on SEDAR and on the Company website at www.MontoroResources.com

-On April 9, 2010 the Company completed its Annual General Meeting. Shareholders overwhelmingly approved all matters voted on at the Meeting as follows:

1. Election of Management's proposed slate of directors of the Company;
2. Reappointment of MacKay LLP, Chartered Accountants as the auditors of the Company to hold such office until the close of the next annual meeting of shareholders;
3. Approving the Company's stock option plan, reserving for grant options to acquire up to a maximum of 10% of the issued and outstanding shares of the Company calculated at the time of each stock option grant.

More specific details of the matters approved at the meeting are set forth in a management Information Circular of the Company dated March 1, 2010, and filed on SEDAR.

Following the AGM, the directors appointed Gary Musil (President & CEO), and Brent Griffin (Corporate Secretary & Chief Financial Officer). The audit committee is comprised of Gary Musil, Bruce E. Bried and Roger Agyagos.

-On April 20, 2010 the TSX Venture Exchange accepted for filing 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 April 9, 2010.

-On April 22, 2010 the Company announced that due to further investor interest, it is increasing the non-brokered private placement financing from \$150,000 announced on February 24, 2010 to \$270,000. The total units being sold are 4,500,000 units at \$0.06 per unit (previously 2,500,000 units).

B. AUTHORIZED AND ISSUED SHARE CAPITAL AS AT APRIL 23, 2010

Authorized – Unlimited common shares without par value
Issued and Outstanding: 45,076,026 common shares

C. OPTIONS, WARRANTS & CONVERTIBLE SECURITIES OUTSTANDING AS AT APRIL 23, 2010

The following options, warrants, and convertible securities were outstanding as at April 23, 2010:

(i) Options

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
100,000	\$0.10	February 25, 2011
200,000	\$0.10	July 16, 2011
<u>1,800,000</u>	\$0.10	January 25, 2013
<u>2,100,000</u>		

(ii) Warrants

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
2,229,000 ¹	\$0.06	May 11, 2010 ¹
1,180,000 ²	\$0.06	June 25, 2010 ²
102,500 ³	\$0.06	October 2, 2010 ³
5,835,000 ⁴	\$0.10	January 15, 2012 ⁴
1,808,000 ⁵	\$0.10	February 3, 2012 ⁵
1,000,000 ⁶	\$0.10	February 2, 2012 ⁶
100,000 ⁷	\$0.10	February 25, 2012 ⁷
<u>2,094,000⁸</u>	\$0.12	March 24, 2012 ⁸
<u>14,348,500</u>		

¹After one year (May 11, 2010) two warrants and \$0.12 are required to exercise 1,389,500 common shares until May 11, 2011 and at \$0.20 from May 11, 2011 until expiry on May 11, 2012.

²After one year (June 25, 2010) two warrants and \$0.12 are required to exercise 590,000 common shares until June 25, 2011 and at \$0.20 from June 26, 2011 until expiry on June 25, 2012.

³After one year (October 2, 2010) two warrants and \$0.12 are required to exercise 51,250 common shares until October 2, 2011 and at \$0.20 from October 3, 2011 until expiry October 2, 2012.

⁴After one year (January 15, 2011) two warrants and \$0.15 are required to exercise 2,917,500 common shares until January 15, 2012.

⁵After one year (February 3, 2011) two warrants and \$0.15 are required to exercise 904,000 common shares until February 3, 2012.

⁶After one year (February 2, 2011) two warrants and \$0.12 are required to exercise 500,000 common shares until February 2, 2012.

⁷After one year (February 25, 2011) two warrants and \$0.15 are required to exercise 50,000 common shares until February 25, 2012.

⁸After one year (March 24, 2011) two warrants and \$0.15 are required to exercise 1,047,000 common shares until March 24, 2012.

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.