



**Annual Report to Shareholders
December 31, 2009**

RED MILE MINERALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

Background

This discussion and analysis of financial position and results of operation is prepared as at April 15, 2010 and should be read in conjunction with the audited financial statements for the period ended December 31, 2009 of Red Mile Minerals Corp. ("Red Mile" or the "Company"). Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. The following discussion and analysis provides information that management believes is relevant to the assessment and understanding of the Company's results of operations and financial condition. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Company Overview

The Company was incorporated under the laws of the Province of Alberta on May 31, 2007. The Company's head and registered office is located at 1000, 250 2nd Street S.W., Calgary, AB, Canada, T2P 0C1.

The Company issued 2,200,000 common shares, at a price of \$0.10 per share, to the directors, officers and seed shareholders on June 6, 2007 for aggregate gross proceeds of \$220,000.

On August 24, 2007, the Company received final receipts for a prospectus dated August 23, 2007 and became a reporting issuer in the Provinces of Alberta and British Columbia. On November 6, 2007, the Company completed its initial public offering to raise \$800,000. Subsequently, on November 12, 2007, the Company's common shares were listed on the TSX Venture Exchange ("TSXV"), as a capital pool company, under the trading symbol "RDM.P". The Company received final approval of its Qualifying Transaction in February 2010 and subsequently changed its name to Red Mile Minerals Corp. The Company's common shares continue to trade under the symbol "RDM".

Qualifying Transaction Summary

The Company completed the arm's length acquisition (the "Acquisition") from Russet Lake Resources Inc. ("Russet Lake") of all of Russet Lake's interest in the option (the "Option") to acquire a 100% interest in the Blue Quartz Property, Beatty Township, Ontario (the "Property"), subject to net smelter return royalties totaling 2.5% (the "NSR"), previously announced by Red Mile in its Press Release dated June 25, 2009. The Option is held under an option agreement between Russet Lake and Thundermin Resources Inc. and Wesdome Gold Mines Ltd. (the "Optionors") dated September 1, 2008 (the "Option Agreement"). Pursuant to the terms of an Assignment and Assumption Agreement dated August 25, 2009, as amended November 27, 2009, (the "Acquisition Agreement") between Red Mile, Russet Lake and the Optionors, Red Mile issued 3,505,000 of its Common Shares to Russet Lake and acquired, by assignment and assumption of remaining obligations, all of Russet Lake's interest in the Option Agreement. Accordingly, Red Mile now holds the Option to acquire a 100% interest in the Property, subject to the NSR. Under the terms of the Acquisition Agreement, the 3,505,000 Common Shares were issued to Russet Lake at a deemed price of \$0.05 per Common Share for an aggregate deemed acquisition value of \$175,250 and are subject to Escrow Restrictions as imposed by the TSX Venture Exchange (the "Exchange") and to hold periods expiring May 30, 2010.

Pursuant to the terms of the Acquisition Agreement, Russet Lake's remaining obligations under the Option Agreement that have been assumed by Red Mile include, in addition to those related to area of interest provisions, the NSR (up to an aggregate 0.5% of which can be bought down for \$500,000), and possible repayment of certain exploration and development expenditures out of net profits from operations on the Property if brought into production, in respect of which Red Mile is to be indemnified by Russet Lake for any amount Red Mile is required to repay in excess of \$1 million, the following in order to exercise the Option:

- (i) paying \$20,000 and issuing 50,000 Red Mile Common Shares to the Optionors on or before September 1, 2009, which cash payment has been made with funds advanced by Red Mile and which share issuance has been made;
- ii) paying \$20,000 and issuing 100,000 Red Mile Common Shares to the Optionors and completing \$150,000 in work expenditures in respect of the Property on or before September 1, 2010; and
- iii) paying \$20,000 and issuing 100,000 Red Mile Common Shares to the Optionors and completing \$250,000 in work expenditures in respect of the Property on or before September 1, 2011.

Having completed the Acquisition, Red Mile will be engaged in the business of exploring for, with the ultimate goal of developing and producing, precious metals from the Property and such other properties and interests as may be subsequently acquired by Red Mile.

The Property covers 400 hectares (4.0 square kilometers) of Early Precambrian gold mineralized rocks belonging to the Abitibi Greenstone Belt, located in the north central part of the Beatty Township. Gold was first discovered on the Property in 1907. In 1913 a vertical two compartment shaft was sunk to investigate the potential of gold mineralized veins exposed on surface. The operation ceased in 1916 due to fire. In 1921 the original shaft was deepened and surface and underground exploration continued until 1928. In 1933, Amalgamated Goldfields produced 30 ounces of gold from the underground workings and the surface dump. Since then, property has only seen sporadic exploration, including a 4 - hole diamond drill program carried out by Russet Lake in 2008.

Red Mile engaged an independent qualified person to prepare a technical report (a "Report") with respect to the Property in accordance with the requirements of NI 43-101 and the Exchange. No additional financing was required to complete the Blue Quartz Property acquisition and the Board of Directors will determine when additional financings are required.

Russet Lake is an arm's length private company incorporated pursuant to the laws of Ontario. Red Mile is advised that the directors and officers of Russet Lake are John V. Hickey of Toronto, Ontario, Director and President, and Robert Seitz of Toronto, Ontario, Director. Red Mile is further advised that no single shareholder of Russet Lake directly or indirectly beneficially holds a controlling interest in or otherwise controls or directs Russet Lake.

Upon approval of the Qualifying Transaction, John V. Hickey, President of Russet Lake, joined the board of Red Mile as President and CEO. Kerry Sparkes was appointed Vice President. Robert Matheson remains as the Chief Financial Officer. Larry Whitehead resigned as President and CEO and director. Peter Tallman and John Pallot remain on the Board of Directors. In addition, Red Mile will use its best efforts to elect or appoint an additional director of Russet Lake to its board at the earliest possible date.

The current directors and key officers' biographies are listed below:

Mr. Hickey (Toronto, Ontario), President, CEO and Director, John Hickey has been employed as a consultant with Blind Pharaoh Consulting, a private company, since 2006. From 2003 to 2006, he was Chief Financial Officer, Chief Operating Officer and a partner at Industrial Temporary Solutions Inc. Prior thereto, from 1996 to 2003, he served as investment advisor with BMO Nesbitt Burns. Mr. Hickey is also Chief Financial Officer for Nebu Resources Inc. and Sea Green Capital Corporation, both junior exploration companies listed on the Exchange.

Mr. Sparkes (North Vancouver, British Columbia), Vice President and Director is a professional geologist and has over 20 years experience in the exploration business gained working for Noranda Exploration Co. Limited as Project Geologist for seven years prior to becoming Senior Geologist and Exploration Manager with Archean Resources. In 1997, he joined Voisey's Bay Nickel Company Ltd., as Senior Geologist in charge of advanced exploration at Voisey's Bay. In 1998, Mr. Sparkes formed his own consulting company and began consulting for several junior exploration companies. At present, Mr. Sparkes holds the position of Vice-President Exploration for Messina Minerals Inc., and supervises the exploration and development of Messina's Boomerang Massive Sulphide Deposit. Mr. Sparkes is also a director of Donner Metals Ltd. and Knight Resources Ltd., both Vancouver based junior exploration companies listed on the Exchange.

Mr. Matheson (Vancouver, British Columbia), Chief Financial Officer, Corporate Secretary and Director, received his Chartered Accountant designation in 1983 while articling with an international accounting firm. In 1984, he founded a predecessor firm of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants, where he has been a

principal since. Mr. Matheson is a lead in the firm's Private Enterprise Group. In addition, he has other business interests, including being a partner in four steakhouse franchises.

Mr. Pallot (New Westminster, British Columbia), Director, has over 32 years experience in the telecommunications industry as a Business Field Supervisor for Telus. He has served as a Director of numerous public companies focused on the resource sector since 1993. Since 2002, Mr. Pallot has been the President and Chief Executive Officer of Windarra Minerals Ltd. and Westward Explorations Ltd., both mining issuers listed on the Exchange.

Mr. Tallman (North Vancouver, British Columbia), Director, is a geologist with over 25 years of mineral exploration experience gained from working on projects in Canada, Mexico, South America and Australia. He received his Bachelor of Science degree from the University of Western Ontario in 1984. Mr. Tallman spent three years as Vice-President, Exploration for Prime Equities International Corp., and previously worked for Noranda Inc. and BP-Selco Inc., exploring mineral resource properties primarily in Canada, Mexico, and South America. At present, Mr. Tallman is President and Chief Executive Officer of Messina Minerals Inc. focusing on base metal mineral deposits in central Newfoundland including Messina's newly discovered Boomerang massive sulphide deposit.

Property Description and Location

The Blue Quartz Property is located approximately 12 kilometres north-northeast of Matheson, 73 kilometres east-northeast of Timmins and 56 kilometres northwest of Kirkland Lake, all located in the Province of Ontario.

The Property consists of 25 patented mining claims, all with surveyed boundaries, located in Beatty Township, Ontario. As of April 2004, the patented mining claims have been consolidated into 1 parcel – Parcel 23623 covering approximately 400 ha.

The Qualifying Property is subject to net smelter returns royalties totalling 2.5%, up to an aggregate 0.5% of which can be bought down for \$500,000.

Patented claims do not have due dates or expiration dates. Assessment work is filed with the Ontario Ministry of Northern Development and Mines. The only payments in respect to the Qualifying Property are annual tax filings to the Ontario Ministry of Northern Development and Mines in the amount of \$1613.36, due January 23rd yearly, and municipal taxes to the township of Black River-Matheson, Ontario for the amount of \$94.82, and due on the first day of each year.

During the quarter ending December 31, 2009, the Qualifying Transaction was still not approved by the TSX Venture Exchange, and thus Red Mile performed no work on the property.

After the Qualifying Transaction was approved by the TSXV, the Company formally planned and approved a \$200,000 diamond drill program, with a plan to drill approximately 1,600 metres.

This drill program will begin May 10, 2010 with a completion date set at June 6, 2010.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Selected Annual Financial Information

A summary of selected annual financial information is as follows:

For the year ended December 31

	2009		2008		2007 (7 months)
Loss for the year	\$	(21,228)	\$	(93,862)	\$ (106,363)
Basic and diluted loss per common share	\$	(0.03)	\$	(0.02)	\$ (0.03)
Total assets	\$	620,922	\$	799,447	\$ 870,268
Working capital	\$	5,044	\$	774,692	\$ 868,554

December 31, 2009 Compared to December 31, 2008

During the fiscal year ended December 31, 2009 the Company recorded a net loss of \$210,228, including general and administrative expenses of \$213,430, compared to a net loss of \$93,862 and general and administrative expenses of \$114,858 in 2008. Included in 2009 expenses are professional fees of \$154,966 related primarily to the Company's Qualifying Transaction.

December 31, 2008 Compared to December 31, 2007

During the fiscal year ended December 31, 2008 the Company recorded a net loss of \$93,862 and \$114,858 for general and administrative expenses compared to a net loss of \$106,363 and \$106,634 for general and administrative expenses for the previous fiscal year which consisted of 7 months. During fiscal 2008 the Company reviewed several projects in pursuit of its Qualifying Transaction and incurred the majority of its costs for consulting, legal and filing fees, and increase travel costs pertaining to these reviews.

During the period ended December 31, 2008, the Company reported no revenues other than \$20,996 in interest earned. Due to the fact that the Company has not commenced principal operations, historical revenue and expenditure trends are not indicative of future activity.

Selected Interim Financial Information

A summary of selected interim financial information is as follows:

For the three month period ended

	Dec. 31 2009	Sept. 30 2009	June 30 2009	Mar. 31 2009	Dec. 31 2008	Sept. 30 2008	June 30 2008	Mar. 31 2008	Dec. 31 2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash and term deposits	593,382	623,164	740,832	771,279	796,628	790,887	821,182	852,666	867,274
Loss for the quarter	(6,543)	(106,630)	(31,712)	(4,343)	(15,947)	(31,209)	(30,049)	(16,657)	(96,188)
Loss per share (basic and diluted)	(0.01)	(0.02)	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.03)
Total assets	620,922	654,150	745,435	773,470	799,447	792,353	823,561	853,610	870,268

The Company has no revenues other than interest on term deposits. Accordingly, each quarter, as expenses are incurred, cash and term deposits and total assets are reduced and the deficit is increased. Cash and term deposits have decreased from \$799,447 at December 31, 2008 to \$771,279 at March 31, 2009, \$740,832 at June 30, 2009, 623,164 at September 30, 2009 and \$593,382 at December 31, 2009. The Company's deficit has increased each quarter accordingly.

Financial Condition / Capital Resources

Since inception, the Company's capital resources have been limited to amounts raised from the sale of common shares in the Company. From inception to December 31, 2008, the Company has raised \$1,020,000 gross proceeds from the sale of its common shares. As at December 31, 2009, the Company had working capital of \$541,044. At the current rate of expenditure, the Company has sufficient working capital to meet its 2010 administrative overhead and complete its 2010 work expenditures on the Blue Quartz gold property.

Income Taxes

The Company currently has no active business and therefore any tax liability is limited to taxes on income received from cash on deposit. In the future the Company anticipates that this tax position will change. For the year ended December 31, 2009 expenses exceeded interest income, resulting in a loss for tax purposes.

Risks and Uncertainties

As the Company has not commenced principal operations, historical revenue and expenditure trends are not indicative of future activity. The Company has committed to certain work expenditures on the Blue Quartz gold property, and may enter into future agreements. The ability of the Company to fund its future operations and commitments is dependent on its ability to obtain additional financing.

Transactions with Related Parties

During the year ended December 31, 2009, the Company paid or accrued accounting fees of \$2,000 to a partnership of which Robert Matheson, CFO and Director of the Company, is a minority partner.

Recent Accounting Pronouncements

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). On February 13, 2008, the AcSB confirmed that the standards will become effective for all publicly accountable enterprises in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company continues to monitor and assess the impact of convergence of Canadian generally accepted accounting principles and IFRS.

In January 2009, the CICA issued Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combination and related disclosures. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011 with early adoption permitted.

In January 2009, the CICA issued Section 1601, Consolidated financial Statements, and 1602, Non-controlling interests which replaces existing guidance. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period on or after January 2011 with earlier adoption permitted.

Management's Report On Financial Controls Over Internal Reporting

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under Multilateral Instrument ("MI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in MI 52-109.

Additional Disclosure for Venture Issuers Without Significant Revenue

Fourth Quarter Operating Expenses

	Three months ended December 31	
	2009	2008
EXPENSES		
Accounting fees	\$ 100	\$ -
Amortization	1,140	-
Consulting fees	-	2,420
Corporate administration fees	535	-
Office and miscellaneous	(299)	513
Promotion and advertising	235	-
Professional fees	59,539	14,356
Regulatory fees and transfer agent fees	4,415	7,775
Telephone	1,294	955
Travel and related costs	1,417	6,153
	\$,376	\$ 32,172

Disclosure of Outstanding Share Data (as at April 15, 2010)

Authorized and Issued Share Capital

Class	Par Value	Authorized	Issued
Common	Nil	Unlimited	9,755,000
Preferred	Nil	Unlimited	Nil

Subsequent to the end of the fiscal year, the Company issued 3,555,000 common shares pursuant to its Qualifying Transaction property acquisition.

Escrowed Shares

The initial 2,200,000 common shares issued on incorporation and all common shares that may be acquired from treasury of the Company by non-arm's length parties of the Company prior to completion of a Qualifying Transaction have been deposited with Computershare Investor Services Inc. under the Escrow Agreement dated June 30, 2007. Subsequent to the Company's completion of its Qualifying Transaction, 10% of these shares were released, and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. The 3,505,000 shares issued to acquire the Blue Quartz property were deposited into escrow, with 172,250 released upon approval by the TSX of the Qualifying Transaction and the balance to be released on a schedule over a period of 3 years.

Description of Options, Warrants and Convertible Securities Outstanding

Security Type	Number	Exercise Price	Expiry Date
Options	460,000	\$0.20	November 6, 2012
Options	160,000	\$0.20	February 3, 2011
Options	225,000	\$0.10	February 4, 2015

During the fiscal year, 400,000 warrants exercisable at \$0.20 expired on November 12, 2009. Subsequent to the fiscal year end, the Company issued 225,000 incentive stock options exercisable at \$0.10 for a period of 5 years. Also subsequent to the fiscal year end, 160,000 options granted November 6, 2007 had their expiry date changed from November 6, 2012 to February 3, 2011 upon the resignation of a Director.

Subsequent Events

1. The Company has completed the acquisition of the option to acquire a 100% interest in the Blue Quartz Property and has issued 3,505,000 common shares at a deemed price of \$0.05 per common share for an aggregate deemed acquisition value of \$172,250 to the vendor. The Company has assumed the vendor's remaining obligations under the option agreement and issued 50,000 common shares of the Company to the optionors.
2. Subsequent to year end the Company granted 225,000 incentive stock options to certain employees, officers, directors and/or consultants at a price of \$0.10 per share, exercisable for a period of five years.
3. The Company changed its name to Red Mile Minerals Corp. to better reflect the nature of its operations.
4. On February 4, 2010, Larry Whitehead resigned as President and CEO and John Hickey was appointed President and CEO.
5. On April 7, 2010, Larry Whitehead resigned as a director.

Additional Information

Additional information relating to the Company can also be found on SEDAR at www.sedar.com