



**Quarterly Report to Shareholders
For Nine Months ended September 30, 2010**

RED MILE MINERALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

Background

This discussion and analysis of financial position and results of operation is prepared as at November 29, 2010 and should be read in conjunction with the unaudited interim financial statements and corresponding notes for the periods ended September 30, 2010 and 2009, as well as the audited financial statements and corresponding notes for the fiscal year 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 and continued into the Province of British Columbia on June 3, 2010.

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").

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, all of which have been completed; 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 is now 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.

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 Descriptions

Blue Quartz

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 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 (2010 - \$1613.36, and municipal taxes to the township of Black River-Matheson, Ontario (2010 - \$653.85).

After the Qualifying Transaction was approved by the TSXV, the Company formally planned and approved a diamond drill program. Cabo Drilling Ontario Corporation has been awarded the surface diamond drilling contract for approximately 1500 meters of NQ diamond drilling over 6 holes. The program is designed to test Blue Quartz auriferous structures associated with the Pipestone fault at depth below the current underground workings and along strike to the north west of existing workings as outlined in the NI 43-101 Technical Report by Luc Rioux P.Geo., (Amended July 27th, 2009) and filed on Sedar. Total budget for the program is \$200,000 and once complete will constitute the final requirement stipulated by the TSX Venture Exchange for minimum listing requirements (MLR) for Red Mile as a Tier 2 issuer. This drill program commenced May 10, 2010 and was completed June, 2010.

The 4-hole drill program tested the gold potential of the Blue Quartz vein and No. 2 vein along strike and down dip from the historical Blue Quartz mine workings developed on these veins. Drill hole collar, azimuth, dip, and hole length information are below:

Hole ID	UTM North*	UTM East*	Azimuth	Dip	Length (m)
RBQ-10-01	5384062	547422	325	-45	351.1
RBQ-10-02	5384062	547422	340	-51	384.0
RBQ-10-03	5384062	547422	340	-45	357.0
RBQ-10-04	5384151	547212	360	-45	409.0

RBQ-10-01 intersected the Blue Quartz vein containing pyrite, arsenopyrite, and sphalerite 150 meters along strike and to the west of previous workings. No significant assays were returned. The main No. 2 vein was intersected 50 meters down dip and directly beneath the western extent of the former mine workings. The vein consisted of pyrite in a quartz chlorite matrix, and assayed 5.3 g/t Au over 2.3 meters. A subsidiary vein system, intersected approximately 40 meters up dip, assayed 0.6 g/t Au over 4.2 meters, and will be referred to as the No. 2a vein.

RBQ-10-02 intersected the Blue Quartz vein 125 meters along strike from the historic workings, however, no significant assays were returned. The No. 2 vein assayed 23.8 g/t Au over 1.0 meter included within 11.9 g/t Au over 2.2 meters, and a broader interval of 1.83 g/t Au of 20.8 meters. The vein was intersected 100 meters down dip from the former mine workings (including BQ-89-12 – 1.06 g/t Au over 25.6 m), and 40 meters below a historic drill intersection (RBQ-90-18) that returned values of 0.86 g/t Au over 75.6 meters.

RBQ-10-03 intersected the Blue Quartz vein 25 meters up dip of RBQ-10-02. No significant assays were returned. The No. 2 vein was intersected from 319-340 meters down hole and 60 meters up dip of RBQ-10-02. Here, a quartz, chlorite pyrite zone was intersected over 0.2 meters and returned 57.4 g/t Au within a broader zone of 1.6 g/t Au over 9.1 meters.

RBQ-10-04 intersected the No. 2 vein which assayed 1.5 g/t Au over 4.0 meters. The No. 2 vein intersection is 40 meters along-strike to the west of the former mine workings and between levels.

A summary of significant gold assay intervals is summarized in Table 1 below.

Table 1: Significant Assays

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Vein
RBQ-10-01	301.10	305.30	4.20	0.6	No. 2a
RBQ-10-01	339.15	341.95	2.80	5.3	No. 2
RBQ-10-02	355.10	375.90	20.8	1.8	No. 2
RBQ-10-02	373.70	375.90	2.20	11.9	No. 2
RBQ-10-02	373.90	374.90	1.00	23.8	No. 2
RBQ-10-03	327.80	336.85	9.10	1.6	No. 2
RBQ-10-03	327.80	328.00	0.20	57.4	No. 2
RBQ-10-04	185.70	189.70	4.00	1.5	No. 2

Dorset, Newfoundland

On October 25th, 2010 the Company announced that it has acquired an option (the "Agreement") to earn a 100% interest in the Dorset gold property located in northern Newfoundland, Canada from Tenacity Holdings Inc. ("Tenacity") of St. John's, Newfoundland.

The Dorset property lies approximately 7km west southwest of Rambler Metals & Mining PLC Ming Mine Project and 10 km southwest of Anaconda Mining Incorporated's Pine Cove Gold Mine. The Dorset Property is comprised of eight mineral licences encompassing 69 claims totalling 1725 hectares in area.

History

The Dorset property covers 12 kilometers of strike length along the 'Baie Verte Line' crustal suture prospective for gold mineralization in Newfoundland. The property includes the original Dorset showing discovered in 1988 which assayed up to 408 g/t gold in a grab sample followed by representative channel samples from surface trenching of 177 g/t gold over 0.35 meters; 56 g/t gold over 2.5 meters, and 42 g/t gold over 1.5 meters over a strike length of 150 meters. Gold discoveries in the mid-1990's along strike over the 12 km property length include grab samples from outcrop of 10.9 g/t gold, 18.7 g/t gold, and panned concentrates up to 6.2 g/t gold in locally-derived till. None of these have been followed up by diamond drilling or trenching.

John Hickey, President & CEO of Red Mile commented: "We are excited about acquiring a quality property in a structurally favourable setting, that has been under-explored and has had several multi ounce gold showings."

Transaction Terms

To acquire a 100% interest in Tenacity's Dorset Property, Red Mile will issue 100,000 shares in tranches of 25,000 upon signing (issued), and 25,000 shares every 6 months for 18 months and in addition issue 1,000,000 non-transferable share purchase warrants in tranches of 250,000 upon Regulatory Approval (issued), 250,000 after 6 months, 250,000 after twelve months, and 250,000 after eighteen months respectively, after signing of the Agreement. The share purchase warrants entitle Tenacity to purchase one common share per warrant for a period of eighteen months from the date of issue at a price equal to the closing market price on the day prior to the respective dates of issuance of the warrants.

Red Mile must also incur exploration expenses of not less than \$750,000 before the fifth anniversary of the signing date of the Agreement. A 2.5% net smelter return royalty ("NSR" or "Royalty") has been reserved in favour of Tenacity; Red Mile may purchase and terminate 40% of the Royalty at any time upon paying to Tenacity Gold an aggregate cash payment of \$1,000,000 whereupon the Royalty will be reduced to a 1.5% NSR.

Work Plan

A detailed compilation of Dorset property geological, geophysical, and drilling information is underway. A program of field mapping and prospecting is planned in 2010, weather permitting, to begin to define drill targets for a diamond drill program in 2011.

Forward Looking Statements

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future price of gold; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such forward-looking information would include, but is not limited to, risks related to:

- the Company's goal of creating shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic gold;
- management's assessment of future plans for the Company's Blue Quartz Property;
- management's economic outlook regarding future trends;
- the Company's expected exploration plans for Blue Quartz, and, in particular, the availability of skilled labour, timing and the amount of the expected exploration budget;
- the Company's ability to meet its working capital needs at the current level in the short term;
- expectations with respect to raising capital; and
- governmental regulation and environmental liability.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, other factors could also cause materially different results. There can be no assurance that forward-looking statements will prove to be accurate and readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Selected Interim Financial Information

A summary of selected interim financial information is as follows:

For the three month period ended

	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30
	2010	2010	2010	2009	2009	2009	2009	2008	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash and term deposits	90,765	179,294	477,090	593,382	623,164	740,832	771,279	796,628	790,887
Loss for the quarter	(40,532)	(104,780)	(99,594)	(67,543)	(106,630)	(31,712)	(4,343)	(15,947)	(31,209)
Loss per share (basic and diluted)	(0.00)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.00)	(0.00)	(0.01)
Total assets	540,387	587,973	687,348	620,922	654,150	745,435	773,470	799,447	792,353

The Company has had no revenues other than interest on term deposits. Accordingly, each quarter, cash and term deposits have decreased as funds are spent on property acquisition and exploration, as well as on administrative expenses. Cash and term deposits have decreased from \$179,294 at June 30, 2010 to \$90,765 at September 30, 2010. Of this amount, \$30,408 relates to cash expended on property acquisition and exploration expenses relating to the Blue Quartz property. Administrative expenses for the quarter have decreased relative to the first and second quarters primarily as a result of decreases in professional fees and regulatory fees as a result of completion of the Blue Quartz agreement.

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 raised \$1,020,000 gross proceeds from the sale of its common shares. As at September 30, 2010, the Company had working capital of \$101,222. 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.

Related Party Transactions

During the nine month period ended September 30, 2010, the Company paid management fees of \$33,333 to John Hickey, a director and officer of the Company. The Company also paid geological consulting fees of \$25,300 to a company owned by Kerry Sparkes, a director of the Company.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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. As well, for the period ended September 30, 2010, expenses exceed interest income.

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.

Risks of the Company's business include the following:

Mining Industry

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration and development of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to life or property, environmental damage and possible legal liability. The Company's mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of ore. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

Government Regulation

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, taxes, labour standards, toxic substances and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations governing operations and exploration activities, no assurance can be given that new rules and regulations, amendments to current laws and regulations or more stringent implementation thereof could have a substantial adverse impact on the Company's activities.

Permits and Licenses

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

Environmental Risks and Hazards

All phases of the Company's mineral exploration operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulations, laws and permits, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability.

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Commodity Prices

The profitability of mining operations is significantly affected by changes in the market price of gold and other minerals. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of gold and other minerals has fluctuated widely in recent years, and future serious price declines could cause commercial production to be impracticable.

Uninsured Risks

The Company carries insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Land Title

Although the Company has obtained a title opinion with respect to its property, there may still be undetected title defects. Accordingly, the property may be subject to prior unregistered liens, agreements, transfers, claims or other undetected defects, which may affect title and could have a material adverse impact on the Company's operations.

Aboriginal Land Claims

No assurance can be given that aboriginal land claims will not be asserted in the future, in which event, the Company's operations and title to its property may be adversely affected.

Recent Accounting Pronouncements

International Financial Reporting Standards (IFRS)

IFRS Transition Plan

The Accounting Standards Board has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended March 31, 2011. The Company's fiscal 2011 interim and annual financial statements will include comparative fiscal 2010 financial statements, adjusted to comply with IFRS.

The Company has established an IFRS implementation plan to prepare for this transition and will be communicating with the Company's auditors and the Audit Committee in order to facilitate a smooth transition. The Company is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Impairment of assets;
- Stock-based compensation;
- Asset retirement obligations;
- First-time adoption of IFRS (IFRS 1).

Detailed analysis of all relevant IFRS requirements and identification of areas requiring policy changes or areas eligible for alternatives will be undertaken during the fourth quarter of fiscal 2010. The Company does not anticipate significant adjustments to its comparative figures for fiscal 2010. Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives will be undertaken in the fourth quarter of fiscal 2010 and the first quarter of fiscal 2011.

The Board of Directors and Audit Committee will be regularly updated on the progress of the IFRS conversion plan, and made aware of the evaluation of key aspects of IFRS affecting the Company. Quantification of the financial statement impact of changes in accounting policies will be made during the fourth quarter of fiscal 2011.

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

As part of the IFRS implementation plan, the Company will identify the optional exemptions it will apply in its preparation of an opening IFRS statement of financial position as at January 1, 2011, the Company's transition date.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS may result in changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

Subsequent Disclosures

Further disclosures of the IFRS transition process are expected as follows:

- The Company's MD&A for the remaining fiscal 2010 interim period will include updates on the progress of

the transition plan, and, to the extent known, information regarding the potential impact of adopting IFRS on key line items in the annual financial statements.

- The Company's MD&A for the year ended December 31, 2010, will include an update on the progress of the transition plan, and any further information available regarding the impact of adopting IFRS on significant accounting policies and key elements of the financial statements.
- The Company's first financial statements prepared in accordance with IFRS will be the interim financial statements for the three months ending March 31, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the first quarter of fiscal 2011 will also include fiscal 2010 financial statements for the comparative period, adjusted to comply with IFRS, and the Company's transition date IFRS statement of financial position (as at January 1, 2011).

Business Combinations

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.

Consolidated Financial Statements

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

Third Quarter Operating Expenses

	Three months ended September 30	
	2010	2009
EXPENSES		
Amortization	\$ 855	\$ -
Consulting fees	-	5,000
Corporate administration fees	(2,557)	1,445
Management and financial consulting	13,094	3,120
Office and miscellaneous	499	1,914
Promotion and advertising	2,820	-
Professional fees	5,851	82,444
Property evaluation costs	2,453	-
Regulatory fees and transfer agent fees	4,573	11,603
Rent	12,000	-
Telephone	1,200	871
Travel and related costs	-	442
	\$ 40,788	\$ 106,839

Disclosure of Outstanding Share Data (as at November 29, 2010)

Authorized and Issued Share Capital

Class	Par Value	Authorized	Issued
Common	Nil	Unlimited	9,940,000
Preferred	Nil	Unlimited	Nil

During the period ended September 30, 2010, the Company issued 3,555,000 common shares pursuant to its Qualifying Transaction property acquisition. During the last quarter, the Company issued 100,000 common shares pursuant to its option on the Blue Quartz property and 60,000 shares in payment of \$9,000 of services. Subsequent to the period end, the Company issued 25,000 shares pursuant to its option on the Dorset property.

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 each six months thereafter. The 3,505,000 shares issued to acquire the Blue Quartz property were deposited into escrow, with 175,250 released upon approval by the TSX of the Qualifying Transaction, 175,250 released 6 months later and the balance to be released on a schedule over a period of 2.5 years. 132,000 common shares held by insiders were deposited into escrow, with 10% released upon approval by the TSX of the Qualifying Transaction, and an additional 15% to be released each 6 months thereafter.

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
Warrants	250,000	\$0.17	November 17, 2015

During the period, the Company issued 225,000 incentive stock options exercisable at \$0.10 for a period of 5 years. Also, 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 to the period end, the Company issued 250,000 warrants exercisable at \$0.10 to November 17, 2015 pursuant to the Dorset property option.

Additional Information

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