

RED MILE CAPITAL CORP.

**Quarterly Report to Shareholders
September 30, 2009**

**RED MILE CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2009**

Background

This discussion and analysis of financial position and results of operation is prepared as at November 30, 2009 and should be read in conjunction with the unaudited interim financial statements and corresponding notes for the periods ended September 30, 2009 and 2008, as well as the audited financial statements and corresponding notes for the fiscal year ended December 31, 2008 of Red Mile Capital 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".

Qualifying Transaction Summary

The principal business of the Company consists of identification and evaluation of potential acquisitions or businesses, and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of regulatory and, if required, shareholder approval.

Where an acquisition or participation is warranted (the "Qualifying Transaction"), additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the TSXV, at which time the TSXV may suspend or de-list the Company's shares from trading. Under these policies, a qualifying transaction must be entered into within 24 months of listing from November 12, 2007; the Company has received an extension to March 31, 2010 from the TSXV.

The Company entered into a binding Letter of Intent (the "LoI") dated June 22, 2009 with Russet Lake Resources Inc. ("Russet Lake"), a private arm's length Ontario corporation, to earn a 100% interest in the Blue Quartz gold property (the "Property") located in the north central part of the Beatty Township, 73 kilometers east-northeast of Timmins, Ontario, Canada. Russet Lake currently holds an option (the "Option") to acquire a 100% interest in the Property, subject to net smelter return royalties totaling 2.5% (the "NSR"), under the terms of an option agreement dated September 1st, 2008 between Thundermin Resources Inc. and Wesdome Gold Mines Ltd., as optionors, and Russet Lake, as optionee (the "Option Agreement").

The proposed transaction, which is subject to regulatory approval, will serve as Red Mile's qualifying transaction (the "Qualifying Transaction") for the purposes of the Policies of the TSX Venture Exchange (the "Exchange"). Following completion of the Qualifying Transaction, Red Mile will be classified for Exchange purposes as a mining issuer.

Pursuant to the terms of the Lol, Red Mile and Russet Lake have entered into a definitive agreement (the "Agreement") pursuant to which Red Mile can earn a 100% interest in the Property, subject to the NSR, by:

- 1) issuing 3,505,000 of its common shares (the "Shares") to Russet Lake at a deemed price per share equal to the "Discounted Market Price" (as that term is defined in the Policies of the Exchange), against delivery to Red Mile of an assignment of Russet Lake's interest in the Option, the Option Agreement and the Property, together with all data, maps and information in respect of the Property in Russet Lake's possession; and
- 2) assuming Russet Lake's remaining obligations under the Option Agreement in order to exercise the Option which include:
 - a) making a cash payment of \$20,000 and issuing 50,000 common shares on or before September 1st, 2009;
 - b) making a cash payment of \$20,000, issuing 100,000 common shares and completing \$150,000 in work expenditures on or before September 1st, 2010; and
 - c) making a cash payment of \$20,000, issuing 100,000 common shares and completing \$250,000 in work expenditures on or before September 1st, 2011.

Up to an aggregate 0.5% of the NSR can be bought back for \$500,000.

Completion of the Agreement and closing of the transaction with Russet Lake are subject to the following conditions, all of which must either be fulfilled or waived by Red Mile:

- (a) approval of the Board of Directors of Red Mile of the terms of the transaction contemplated in the Lol, and of the Lol and the Agreement;
- (b) completion, to the satisfaction of Red Mile, of due diligence reviews in respect of the Option, the Option Agreement and the Property;
- (c) receipt by Red Mile of a satisfactory title opinion or report in respect of the Property;
- (d) receipt by Red Mile of a National Instrument 43-101 ("NI 43-101") compliant report in respect of the Property;
- (e) receipt of the written consent of the "Optionors" under the Option Agreement to the assignment contemplated in the Lol; and
- (f) receipt of all required regulatory and stock exchange approvals, including, without limitation, the acceptance for filing by the Exchange of the transaction contemplated by the Lol and the Agreement as Red Mile's Qualifying Transaction.

As at the date of this MD&A, all of the above conditions of the Agreement have been fulfilled, with the exception of receipt of TSX Venture Exchange approval.

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 is 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.

The proposed Qualifying Transaction constitutes an Arms-Length Transaction under the Policies of the Exchange. The Qualifying Transaction and related matters will not be submitted to the shareholders of Red Mile for approval. Red Mile intends to apply for an exemption from the sponsorship requirements of the Exchange in connection with the Qualifying Transaction.

The board of directors of Red Mile currently consists of Larry Whitehead, Robert Matheson, Peter Tallman, John Pallot and Kerry Sparkes. It is anticipated that upon approval of the Qualifying Transaction, John V. Hickey, President of Russet Lake, will join the board of Red Mile as President and CEO. Kerry Sparkes will be appointed Vice President. Robert Matheson will remain as the Chief Financial Officer. Larry Whitehead, Peter Tallman and John Pallot will remain as 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 proposed directors and key officers biographies are listed below:

Mr. Hickey (Toronto, Ontario), Proposed 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), Proposed 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. Whitehead (South Surrey, British Columbia) Director, is a senior executive experienced in general management, corporate finance, public company stewardship, investment banking and venture capital. Mr. Whitehead has founded several businesses and TSX listed public companies involved in the technology and resource sectors in Canada. He has served as Officer and Director for numerous private and public companies and has raised significant amounts of capital for their various business activities. Mr. Whitehead was previously employed by Citibank Canada as Regional Manager for Western Canada and he holds a Masters in Business Administration degree conferred by the University of Washington in 1992.

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.

Completion of the transaction is subject to a number of conditions including but not limited to Exchange acceptance. There can be no assurance that the transaction will be completed as proposed or at all.

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 Interim Financial Information

A summary of selected interim financial information is as follows:

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

Results of Operations

During the quarter ended September 30, 2009, the Company had general and administrative expenses of \$145,685 (2008 - \$81,959). This is not comparable to the same period for 2008 as the Company has had significant professional and regulatory fees relating to mineral property evaluation and acquisition. The loss for the quarter is \$142,685 (2008 - \$77,915) as a result of these increased expenses.

During the nine month period ended September 30, 2009, the Company reported no revenues other than \$2,369 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. In the future, the Company will continue to incur significant expenses relating to due diligence, negotiations of the terms of the transaction and preparation of legal agreements, required to document and complete a Qualifying Transaction.

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, the Company has raised \$1,020,000 gross proceeds from the sale of its common shares. As at September 30, 2009, the Company had working capital of \$612,007. At the current rate of expenditure, the Company has sufficient working capital to meet its ongoing administrative costs.

The Company does not have any operations. Working capital will be utilized to enable the Company to identify and evaluate businesses or assets with a view to complete a Qualifying Transaction.

To date the Company has relied entirely upon the sale of common shares to provide working capital to fund the administration of the Company.

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, upon completion of a Qualifying Transaction, the Company anticipates that this tax position will change. For the period ended September 30, 2009, expenses exceeded interest income, resulting in a loss for tax purposes.

Risks and Uncertainties

The Company is a Capital Pool Company under the policies of the TSXV. If the Company fails to complete a Qualifying Transaction within the required time period, the TSXV could suspend or delist the common shares of the Company. The Alberta Securities Commission or the British Columbia Securities Commission may issue an interim cease trade order against the Company's securities if the common shares of the Company are suspended from trading on the TSXV, and will issue such an interim cease trade order if the Company is delisted from the TSXV. In addition, delisting from the TSXV may result in the cancellation of all of the currently issued and outstanding securities of the Company held by insiders. As the Company has not commenced principal operations, historical revenue and expenditure trends are not indicative of future activity. In the future, the Company will continue to incur expenses relating to due diligence, negotiations of the terms of a Qualifying Transaction and preparation of legal agreements required to document and complete the transaction.

Transactions with Related Parties

During the period ended September 30, 2009, the Company paid or accrued accounting fees of \$4,000 to a partnership of which Robert Matheson, CFO and Director of the Company, is a minority partner.

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.

Recent Accounting Pronouncements

In 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Intangible Assets", and Section 3450, "Research and Development Costs". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2009. The Company does not expect that the adoption of this standard will have a material impact on its financial statements.

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 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. The Corporation is currently evaluating the impact of this standard on the 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. The Corporation is currently evaluating the impact of this standard on the financial statements.

In June 2007, the Accounting Standards Board issued CICA Handbook Section 1400, "General Standards of Financial Statement Presentation", which provides revised guidance on management's responsibility to assess and disclose the Company's ability to continue as a going concern. This standard is effective for the Company's interim and annual financial statements for fiscal years beginning on or after November 1, 2008. The adoption of this standard has not had a material impact on the Company's financial statements.

Additional Disclosure for Venture Issuers Without Significant Revenue

Third Quarter Operating Expenses

	Three months ended September 30	
	2009	2008
EXPENSES		
Accounting fees	\$ 3,120	\$ -
Consulting fees	5,000	2,420
Corporate administration fees	1,445	-
Office and miscellaneous	1,914	513
Professional fees	82,444	14,356
Regulatory fees and transfer agent fees	11,603	7,775
Telephone	871	955
Travel and related costs	442	6,153
	<u>\$ 106,839</u>	<u>\$ 32,172</u>

Disclosure of Outstanding Share Data (as at November 30, 2009)

Authorized and Issued Share Capital

Class	Par Value	Authorized	Issued
Common	Nil	Unlimited	6,200,000
Preferred	Nil	Unlimited	Nil

Description of Options, Warrants and Convertible Securities Outstanding

Security Type	Number	Exercise Price	Expiry Date
Options	620,000	\$0.20	November 6, 2012

On November 12, 2009 400,000 warrants exercisable at \$0.20 expired.

Additional Information

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