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RT MINERALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2011
(RESTATED)

The following management discussion and analysis of the financial position of RT Minerals Corp. ("the Company" or "RT Minerals") and results of operations of the Company should be read in conjunction with the restated unaudited interim financial statements including the notes thereto for the three months ending February 28, 2011 and the audited financial statements for the year ending November 30, 2010.

The accompanying restated unaudited interim financial statements and related notes are presented in accordance with Canadian generally accepted accounting principles for interim financial statements and accordingly do not include all disclosures required for annual financial statements. These statements, together with the following management's discussion and analysis dated **May 20, 2011** ("Report Date"), are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to the potential future performance. The information in the MD&A may contain forward-looking statements.

These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

Economic and industry factors are substantially unchanged with respect to a comparison of the Company's interim financial condition to the financial condition as at the most recently completed financial year end.

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

1. CORE BUSINESS

RT Minerals Corp. (the "Company") is a junior resource company engaged in the acquisition and exploration of mineral properties in Canada for hosting gold and base metal deposits, and holds interests in a number of mineral resource properties, either directly or through option agreements, in the Rouyn Noranda area in the Province of Quebec and near Timmins, Ontario. As at the date hereof, the Company holds the following mineral resource properties:

- **Bazooka Gold Property** – gold property located near Rouyn Noranda, Quebec in which the Company owns a 100% interest;
- **McWatters Gold Property** – gold property located near Rouyn Noranda, Quebec in which the Company owns a 100% interest;

- **Meunier-144 Joint Venture Gold Property** – gold property located in Timmins, Ontario for which the Company has an option to acquire up to a 50% interest and Lake Shore Gold Corp. (TSX:LSG) may acquire up to a 10% interest; and Lake Shore Gold has a “Back-In Right” to acquire up to a 50% interest in the Company’s earned interest in the property.

The Company was incorporated on March 9, 2007 under the Business Corporations Act of British Columbia and is currently a reporting issuer in British Columbia, Alberta and Ontario. On August 22, 2008, the Company completed its initial public offering of units. The Company’s common shares were approved for listing on the Canadian National Stock Exchange (“CNSX”) and commenced trading on August 26, 2008 under the symbol “RTMC”. The common shares currently trade on the CNSX under the symbol “RTM”.

Lake Shore Gold Corp. (TSX:LSG) (“Lake Shore Gold”) is a major shareholder of the Company, currently owning 19,000,000 Common Shares of the Company (27.2%) and 8,250,000 share purchase warrants, for a potential 34.9% ownership, assuming exercise of the warrants held by Lake Shore Gold and not including any other options or warrants of the Company that are outstanding, or 29.6% on a fully diluted basis.

2. HIGHLIGHTS

2.1 Financial Highlights

- On December 30, 2010, the Company completed its acquisition of the Bazooka and McWatters gold properties in Quebec from Lake Shore Gold and closed three separate non-brokered unit private placements for total gross proceeds to the Company of \$4,006,370.
- Pursuant to the transaction with Lake Shore Gold, the Company’s largest shareholder, which transaction was approved by the shareholders of the Company at a meeting held on December 30, 2010, the Company has issued to Lake Shore Gold 10,000,000 common shares, and transferred its interest in the Golden Property near Timmins, Ontario and up to 50% of the Company’s earned interest in the Meunier JV property to Lake Shore Gold in consideration for the transfer to the Company by Lake Shore Gold of a 100% interest in the advanced stage Bazooka gold property in Quebec and the McWatters gold property in Quebec, as well as Lake Shore Gold agreeing to reimburse the Company for \$500,000 in exploration expenditures in 2011 following the Company incurring a further \$1,000,000 in exploration on the Meunier JV property adjacent to Lake Shore Gold’s Timmins Mine property, Ontario.
- In connection with the transfer of 50% of the Company’s earned interest in the Meunier JV property to Lake Shore Gold, the Company and Lake Shore Gold will form a 50/50 joint venture and will share the Company’s obligations under the Meunier JV with Adventure Gold Inc. The terms of the Company/Lake Shore Gold joint venture will provide that, in the event that a party does not contribute its pro-rata share of expenditures on the Meunier JV property and a party’s interest in the Meunier JV property falls below 10%, then such party will transfer its remaining interest to the non-diluting party being either Lake Shore Gold or the Company.
- On closing of the Private Placements, the Company issued a total of 4,607,000 units at \$0.16 per unit (the “\$0.16 Units”), a further 9,390,000 flow-through units at \$0.20 per unit (the “\$0.20 Units”) and 4,968,750 structured flow-through units at \$0.28 per unit (the “\$0.28 Units”). Each \$0.16 Unit was comprised of one common share and one half of a warrant, with each whole warrant (a “Warrant”) entitling the holder to acquire a further common share of the Company at a price of \$0.20 for a term of two years, expiring December 30, 2012. The \$0.20 Units and the \$0.28 Units were each comprised of one flow-through share and one half of a Warrant, with each whole warrant (a

“Warrant”) entitling the holder to acquire a further common share of the Company at a price of \$0.20 for a term of 2 years, expiring December 30, 2012. Insiders subscribed for 200,000 of the \$0.20 Units and for 1,500,000 of the \$0.16 Units.

- The Company paid finders’ fees totalling \$187,762 and issued 854,445 finders’ warrants in connection with the Private Placements. Each finders’ warrant entitles the holder to acquire one common share of the Company at a price of \$0.20 for a term of two years expiring December 30, 2012.
- Upon closing of the above transactions, Lake Shore Gold now controls 27.2% of the Company’s common shares and Lake Shore Gold may control approximately 30% of the Company on a fully diluted basis.
- All of the securities issued in connection with the Private Placements are subject to a four month hold period expiring May 1, 2011. Proceeds from the Private Placements are to be used to fund the Company’s exploration activities over the next 12 months and for general working capital.
- In March 2011, the Company exercised warrants to purchase 500,000 common shares of Adventure Gold Inc. (TSX.V:AGE) at \$0.20 per share. The Company still holds warrants to purchase 500,000 common shares of AGE at \$0.27 per share until May 27, 2012.
- During the three months ended February 28, 2011, the Company raised gross proceeds of \$75,000 from the exercise of 375,000 share purchase warrants.
- During the three months ended February 28, 2011, the Company recorded \$514,645 in exploration expenditures on its mineral properties.
- The Company concluded the period with total net assets of \$5,855,556.
- Because the Company is in the exploration stage, it did not earn any significant revenue and its expenses relate to the costs of operating a public company of its size. Net income for the three months ended February 28, 2011 was \$662,010 or \$0.01 per share, compared to net loss of \$165,501 for the three months ended February 28, 2010 or \$0.01 per share.

2.2 Operational Highlights

- On March 7, 2011, the Company announced that it has commenced the first phase of a diamond drill program on its 100% owned Bazooka Gold Property, Quebec, which will consist of at least 2000 meters of drilling. The property lies 7 km south of Rouyn-Noranda, Quebec in Beauchastel Twp. The Cadillac-Larder Break strikes across the Bazooka property which is also adjacent to and on strike from the Augmitto, Cinderella and Astoria gold resources controlled by Yourbeau Resources Inc. (listed on the TSX Venture exchange). The main focus of drilling will be in the east central part of the property in close proximity to a major flexure of the Cadillac deformation zone and near past development on mineralization from underground by previous operators.
- The Company plans to conduct prospecting, mapping, reconnaissance and surface geophysics on its 100% owned McWatters Gold Property, Quebec, to be followed by a drill program later in 2011.
- The current initial deep drill hole on the Meunier JV property is ongoing and when completed is estimated to provide a deep cut on the projected target area at an approximate vertical depth of 2400m. This will enable a series of shallower wedge cuts to obtain further details on shape and extent of major geological structures as well as potential mineralization. The initial deep hole was collared on LSG’s Timmins Mine property in August 2010 and is now about 1980m in core length. This hole is targeting potential zones down plunge and on strike to mineralization at LSG’s 100%

owned Timmins Mine gold deposit where LSG has recently announced intercepts of up to 13.55 g/t Au over 50.80m and 61.35 g/t Au over 15m (LSG - August 10, 2010 News Release) and where LSG has announced further drilling results relating to their Thunder Creek project, Rusk Zone, of up to 75.14 g/t Au over 18.60m (LSG-March 4, 2011 News Release).

- On December 30, 2010, the Company received shareholder approval at a Special General Meeting to complete a series of property transactions with Lake Shore Gold, the Company's largest shareholder. The Company acquired a 100% interest in the advanced stage Bazooka gold property in Quebec and the McWatters gold property in Quebec from Lake Shore Gold, in exchange for the issuance of 10,000,000 common shares and the transfer of the Company's 100% interest in the Golden Property near Timmins, Ontario and 50% of the Company's earned interest in the Meunier JV Property adjacent to Lake Shore Gold's Timmins Mine property in Ontario. As further consideration to the Company, Lake Shore Gold will pay \$500,000 to the Company upon the Company incurring a further \$1,000,000 in exploration expenditures on the Meunier property to complete the First Option of the property.
- In connection with the transfer of 50% of the Company's earned interest in the Meunier JV property to Lake Shore Gold, the Company and Lake Shore Gold will form a 50/50 joint venture and will share the Company's obligations under the Meunier JV with Adventure Gold Inc. The terms of the Company/Lake Shore Gold joint venture will provide that, in the event that a party does not contribute its pro-rata share of expenditures on the Meunier JV property and a party's interest in the Meunier JV property falls below 10%, then such party will transfer its remaining interest to the non-diluting party being either Lake Shore Gold or the Company.

2.3 Corporate Activities

- As a result of the December 2010 property acquisitions, the Company is proceeding to apply for listing on the TSX Venture Exchange with the Bazooka property as the Company's qualifying property. There is no assurance that such application or listing will be accepted or obtained. The Company withdrew its previous listing application with the Golden Property as the Company's qualifying property.
- On March 3, 2011, the Company granted incentive stock options to directors, officers and consultants to purchase 1,875,000 common shares of the Company at \$0.20 per share exercisable until March 3, 2013.
- On February 25, 2011, the Company appointed Ms. Sandra Wong as Corporate Secretary to replace Mr. Jonathan Samuda, who resigned from the Company.
- On March 1, 2010 the Company amended its Stock Option Plan (the "Plan") to provide for the issuance of options to acquire shares of the Company equal to 10% of the then issued and outstanding shares of the Company. On March 21, 2011, the Board approved a new Stock Option Plan (the "New Plan") to replace the existing Plan. The New Plan incorporates the changes to the TSXV option plan policies effective December 15, 2008, as well as provisions concerning the requirements of the Canada Revenue Agency concerning withholding tax payments on exercised options, and provisions to accommodate electronic trading and the issuance of uncertified shares. As a 10% rolling plan, the aggregate number of Common Shares issuable as options under the New Plan may be up to 10% of the Company's issued and outstanding Common Shares on the date on which an option is granted, less Common Shares reserved for issuance on exercise of options then outstanding under the New Plan. The New Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees. The New Plan was approved by Shareholders at the Company's AGM held on April 29, 2011. All outstanding options under the Plan

will be rolled into and deemed granted under the New Plan. The New Plan will become effective from and after the date the Company is listed and begins trading on TSX Venture, and is subject to regulatory approval.

3. OUTLOOK AND STRATEGY

The Company's strategic plan for 2011 is to focus on exploration work programs on its Bazooka, McWatters and Meunier JV gold properties, and to apply for listing on the TSX Venture Exchange.

The acquisition of the Bazooka gold property in December 2010 provides a 100% vested title interest in an advanced staged property that hosts known gold zones in the Noranda-Val D'Or mining region. The Company commenced the first phase of a diamond drill program in March 2011 that will consist of at least 2000 meters of drilling, the main focus of which will be in the east central part of the property in close proximity to a major flexure of the Cadillac deformation zone and near past development on mineralization from underground by previous operators.

The Company intends to apply for listing on the TSX Venture Exchange with the Bazooka property as the Company's qualifying property. There is no assurance that such application or listing will be accepted or obtained.

The Company plans to conduct prospecting, mapping, reconnaissance and surface geophysics on its 100% owned McWatters gold property, to be followed by a drill program later in 2011.

The current initial deep drill hole on the Meunier JV property is ongoing and when completed is estimated to provide a deep cut on the projected target area at an approximate vertical depth of 2400m. This will enable a series of shallower wedge cuts to obtain further details on shape and extent of major geological structures as well as potential mineralization. The initial deep hole was collared on LSG's Timmins Mine property in August 2010 and is now about 1980m in core length.

The three separate non-brokered unit private placements closed in December 2010 raised total gross proceeds of \$4,006,370 to the Company, which will be used to fund the Company's exploration activities over the next 12 months and for general working capital.

4. OVERVIEW OF FINANCIAL RESULTS

4.1 Annual Financial Review

N/A

4.2 Quarterly Financial Review

The table below presents selected financial data for the Company's eight most recently completed fiscal quarters as presented in the unaudited interim financial statements:

	Q1	Q4	Q3	Q2
	Feb 28,	Nov 30,	Aug 31,	May 31,
	2011	2010	2010	2010
Total revenues	-	-	-	-
Earnings (loss) for the period	\$662,010	\$133,933	(\$121,914)	(\$757,212)
Basic and diluted earnings (loss) per share	\$0.01	\$0.00	(\$0.00)	(\$0.02)
Total assets	\$6,376,048	\$3,992,798	\$3,677,438	\$3,589,577
Total long term liabilities	\$371,495	\$48,000	\$38,350	\$70,350
Cash dividends declared per share	-	-	-	-

	Q1	Q4	Q3	Q2
	Feb 28,	Nov 30,	Aug 31,	May 31,
	2010	2009	2009	2009
Total revenues	-	-	-	-
Earnings (loss) for the period	(165,501)	(\$197,028)	(\$89,842)	(\$81,979)
Basic and diluted earnings (loss) per share	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
Total assets	\$2,715,166	\$977,612	\$686,564	\$383,231
Total long term liabilities	\$205,350	-	-	-
Cash dividends declared per share	-	-	-	-

The Company is in the exploration stage and did not earn any significant revenue during the eight most recently completed fiscal quarters.

2011 Q1 net income includes a recovery of future income tax asset of \$693,459 arising from flow-through share financings, and an unrealized gain on short term investments of \$107,000 representing the fair value of 500,000 compensation warrants in AGE.

2010 Q4 earnings includes other income of \$134,000 in unrealized gain on short term investments representing the fair market value increase of the Company's warrants in AGE during the quarter, and \$128,123 gain on the sale of the Company's investment in AGE marketable securities. 2010 Q2 loss includes stock based compensation expense of \$437,000 recorded for the grant of 2,300,000 incentive stock options, \$307,481 in mineral properties written off pertaining to the Baie Comeau Property, and a recovery of future income tax asset of \$135,000 arising from flow-through share financings. 2010 Q1 loss includes \$153,000 in recovery of future income tax asset from the renunciation of flow-through share issuances, and \$135,000 in filing fee expenses representing the value of 100,000 common shares and 375,000 share purchase warrants issued pursuant to a TSX-V listing sponsorship agreement.

Basic and diluted losses per share are fairly comparable over the eight most recently completed fiscal quarters.

Total assets steadily increased across the fiscal quarters as the Company completed equity financings and invested the funds in exploration of mineral property interests.

Long term liabilities represent future income tax liability. The Company has recorded a valuation allowance against its future income taxes based on the extent to which it is more likely than not that sufficient taxable income will be realized during the carry forward period to utilize all the future tax assets.

4.3 Fourth Quarter

N/A

5. RESULTS OF OPERATIONS

5.1 Operating Income and Expenses

The Company operates in one segment of mineral exploration in Canada. Therefore, there are no other parts of the business that have a disproportionate effect on revenues, income or cash needs, and there are no legal or other restrictions on the flow of funds from one part of the Company's business to another.

5.11 Income

The Company is considered to be in the exploration stage and therefore did not earn any significant revenue during the periods under review.

5.12 General & Administrative Expenses

General and administrative expenses incurred during the periods under review consist of the following:

	Three months ended February 28, 2011	
	2011	2010
Accounting and audit fees	\$ 16,517	\$ 6,800
Administrative and consulting fees	22,000	28,451
Filing fees	4,370	138,676
Investor communications	8,289	38,804
Legal fees	20,400	43,288
Loan interest expense	-	-
Management salaries	42,105	41,029
Office expenses	14,064	13,130
Part XII.6 Tax	2,284	-
Stock-based compensation	-	-
Transfer agent	3,963	3,722
Travel and automobile	6,759	5,491
	<u>\$ 140,751</u>	<u>\$ 319,391</u>

- **General & Administrative Expenses – Three months ended February 28, 2011**

General and administrative expenses for the three months ended February 28, 2011 was \$140,751 compared to \$319,391 recorded for the three months ended February 28, 2010.

Accounting and audit fees were \$16,517 for the three months ended February 28, 2011 compared to \$6,800 recorded for the 2010 comparative period, representing an increase in costs charged by the Company's auditors.

Administrative and consulting fees were \$22,000 for the three months ended February 28, 2011 compared to \$28,451 for the three months ended February 28, 2010. The consulting expenses are related to management consulting contracts (see "related party transactions" below) and the 2010 amount also includes \$17,951 paid to a third party consultant.

Filing fees of \$4,370 were recorded during the three months ended February 28, 2011 compared to \$138,676 recorded for the 2010 comparative quarter, which includes \$105,000 fair value of 375,000 share purchase warrants and \$30,000 deemed value of 100,000 common shares issued pursuant to an agent and sponsorship agreement.

Investor communication expenses were \$8,289 for the three months ended February 28, 2011 compared to \$38,804 for the three months ended February 28, 2011. Investor communications expenses include transfer agent fees, shareholder meetings and mailings, attendance at industry shows, and participation in investor relations programs undertaken to raise the profile of the Company.

Legal fees were \$20,400 for the three months ended February 28, 2011 compared to a \$43,288 recorded for the 2010 comparative quarter. The 2010 comparative quarter includes \$30,000 payable for legal fees pursuant to an agent and sponsorship agreement.

Management salaries were \$42,105 for the three months ended February 28, 2011 compared to \$41,029 in management salaries incurred during the three months ended February 28, 2010.

Office expenses totalled \$14,064 for the three months ended February 28, 2011 compared to \$13,130 for the 2010 comparative period. Office expenses include website development, rent, telephone, office supplies, and other expenditures incurred during the ordinary course of business.

Part XII.6 Tax was \$2,284 for the three months ended February 28, 2011 compared to \$nil for the 2010 comparative period and relates to Canadian Exploration Expenditures incurred under the look-back rule.

Transfer agent fees of \$3,963 (2010 - \$3,722) were incurred in the ordinary course of business.

Travel and automobile expenses of \$6,759 (2010 - \$5,491) recorded for the three months ended February 28, 2011 were incurred in the ordinary course of business and reflect the increased level of company operations during the period.

5.13 Other Income and Expense

The Company earned interest income of \$6,134 during the three months ended February 28, 2011 compared to interest income of \$890 for the 2010 comparative period. The Company's interest income is derived from its cash deposits held with BMO Bank of Montreal and interest earned on CRA GST refunds. Unrealized gain on short term investments of \$107,000 reflects the fair market value increase of the Company's 500,000 AGE compensation warrants.

5.2 Property Exploration and Acquisition Costs

The Company is in the mineral exploration business and has no revenues. Funding of the Company's exploration activities has been provided by equity offerings of the Company's securities and by cash operating loans by related parties. The recoverability of amounts paid by the Company for resource

properties will be dependent upon the discovery of economically recoverable reserves and confirmation of the Company's interest in the underlying resource properties, as well as the ability of the Company to obtain the necessary financing to complete exploration and development of the properties, and upon future profitable production or proceeds from the disposition thereof.

Mineral interests include initial acquisition costs and related option payments that are recorded when paid. In accordance with Canadian generally accepted accounting principles, exploration and development costs are capitalized. Mineral interests in the form of exploration and acquisition costs totalled \$2,999,642 as at February 28, 2011.

As at February 28, 2011, the Company held the following mineral property interests.

	<u>Bazooka</u>	<u>Golden</u>	<u>McWatters</u>	<u>Meunier-144</u>	<u>Total</u>
Balance, November 30, 2010	\$ 26,886	\$ 2,037,872	\$ 5,696	\$ 1,492,332	\$ 3,562,786
Acquisition costs					
Shares	406,070	-	6,365	-	412,435
Non-cash	<u>550,930</u>	<u>-</u>	<u>8,635</u>	<u>-</u>	<u>559,565</u>
	<u>957,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>972,000</u>
Deferred exploration costs					
Administration	1,111	250	367	48,421	50,149
Core logging, cutting, sampling	3,208	-	-	-	3,208
Data entry, drafting, reporting	1,808	4,167	1,200	660	7,835
Drilling	17,311	-	-	351,638	368,949
Facility rental	2,600	1,300	-	-	3,900
Field crew expenses	2,824	-	-	579	3,403
General geology	1,188	-	8,993	-	10,181
Permitting	1,792	-	-	-	1,792
Project management – Note 7	21,368	6,200	6,888	28,001	62,457
Site meals, lodging and travel	<u>1,867</u>	<u>-</u>	<u>476</u>	<u>428</u>	<u>2,771</u>
	55,077	11,917	17,924	429,727	514,645
Less: properties sold	-	(2,045,957)	-	-	(2,045,957)
Mineral properties written off	<u>-</u>	<u>(3,832)</u>	<u>-</u>	<u>-</u>	<u>(3,832)</u>
	<u>55,077</u>	<u>(2,037,872)</u>	<u>17,924</u>	<u>-</u>	<u>(1,535,144)</u>
Balance, February 28, 2011	<u>\$ 1,038,963</u>	<u>\$ -</u>	<u>\$ 38,620</u>	<u>\$ 1,922,059</u>	<u>\$ 2,999,642</u>

6. MINERAL PROPERTIES

6.1 Bazooka Property – Rouyn Noranda, Quebec

By a property acquisition agreement dated December 10, 2010 and approved by the Company's shareholders on December 30, 2010, the Company acquired the Bazooka and McWatters gold properties near Rouyn Noranda, Quebec, from Lake Shore Gold for consideration of 10,000,000 common shares of the Company and the transfer of its interest in the Golden Property near Timmins, Ontario and up to 50% of the Company's earned interest in the Meunier JV property to Lake Shore Gold. As further compensation to the Company, Lake Shore Gold agreed to reimburse the Company for \$500,000 in exploration expenditures following the Company incurring a further \$1,000,000 in exploration on the Meunier JV property. This related party transaction was measured at the carrying amount, with the difference in consideration paid debited to retained earnings.

The Bazooka Property – description and work performed

The Bazooka property is a great acquisition for the Company as it provides a 100% vested title interest in an advanced staged property that hosts known gold zones in the Noranda-Val D’Or mining region.

The Bazooka property is an advanced gold prospect consisting of 15 mining claims in Beauchastel Township, 7 km southwest of Rouyn Noranda, Quebec and contiguous to the west boundary of properties owned and being actively explored by Yorbeau Resources Inc. (TSX: YRB.A). The property is situated about 45 km southwest of Agnico Eagles Laronde mine and about 40 km west of Osisko’s Malartic project.

Geologically, the property overlies 1.8 km of the Cadillac-Larder Lake Deformation Zone (CLDZ), a major structural zone near the south margin of the Abitibi Greenstone Belt hosting numerous gold occurrences and deposits including the Val d’Or, Cadillac, Kirkland Lake, Larder Lake and Matachewan gold camps. Most significant gold mineralization identified to date at Bazooka is located near the east boundary with Yorbeau and hosted by strongly altered sedimentary and volcanic rocks surrounding a distinct northeast trending flexure in the CLDZ. This mineralization is in the direct westward extension of the CLDZ from Augmitto and Cinderella Blocks of the Yorbeau Property, where past mining has been conducted to a depth of 250 m from surface and recent drilling has yielded results such as 3.35 gpt Au over 33.0 m, including 9.59 gpt Au over 7.0 m and 74.67 gpt Au over 10.35 m (Yorbeau releases, May 26, 2010 and September 23, 2009, respectively). Yorbeau Resources has also recently announced the commencement of a NI 43-101 study to evaluate the resource potential at the Augmitto deposit.

The first significant exploration at the Bazooka property was conducted by Siscoe Mines in 1946 and included completion of 26 holes and development from an exploration shaft at 120 m below surface to evaluate the main mineralized showing. Significant historic drill intersections from this program include 8.8 gpt Au over 9.1 m, 3.8 gpt Au over 5.4 m, 10.7 gpt Au over 3.0 m, and 4.1 gpt Au over 3.0 m.

Soquem evaluated the property in 1981 and 1982, drilling 16 holes. The program identified four distinct mineralized zones (A,B,C and D) and obtained significant intercepts of 42.5 gpt Au over 4.5 m, 2.9 gpt Au over 9.0 m, 12.3 gpt Au over 7.5 m, and 21.1 gpt Au over 2.05 m. The above historic intercepts are from a 250 m long portion of the (CLDZ) surrounding the Siscoe Shaft and at depths less than 220 m below surface.

The most recent work at the property includes drilling by Lake Shore Gold in 2003 and 2004, which tested gaps in previous drilling by Soquem as well as areas up to 250 m west of the Siscoe shaft with good success.

In total, 23 holes and 7,676 m were drilled and obtained several significant gold intersections at shallow depths from surface including:

Hole	Section	From (metres)	To (metres)	Length (metres)	Au gpt
BA-03-01	2220	80.0	82.0	2.0	11.7
BA-03-01	2220	159.0	161.3	2.3	6.5
BA-03-02A	2220	260.0	261.0	1.0	316.2
BA-03-02A	2220	274.9	277.1	2.3	10.8
BA-03-02A	2220	304.7	305.7	1.0	13.8
BA-03-04	1980	146.0	47.3	1.3	94.1
BA-03-08	2040	175.4	176.5	1.1	21.3
BA-04-21	1740	201.4	203.5	2.1	9.1

The best results from the Lake Shore drilling are closely associated with strongly deformed and altered sections of the CLDZ near the northeast trending flexure containing quartz and tourmaline veins with disseminated arsenopyrite, pyrite, chalcopyrite and arsenopyrite. The drill results indicate excellent potential to extend the known deposit along strike and to depth, as well as to define new deposits surrounding other northeast trending flexures west of the shaft. Further drilling is recommended and a minimum \$750,000 field campaign is scheduled.

In March 2011, the Company commenced the first phase of a diamond drill program which will consist of at least 2000 meters of drilling on the property. The main focus of drilling will be in the east central part of the property in close proximity to a major flexure of the Cadillac deformation zone and near past development on mineralization from underground by previous operators. Between 2003-2005 Lake Shore Gold conducted 10,804 meters of drilling on the Bazooka property yielding numerous significant intersections including 2.0m of 11.7 g/t, 1.0m of 316.2 g/t, 2.3m of 10.8 g/t, 3.0m of 5.0 g/t and 1.3m of 94.1 g/t Au. This drilling increased the known strike length of the zone from 250m to 560m and the zone remains open to the west and to depth on the RTM property.

For complete disclosure for the Bazooka gold property, an NI 43-101 report dated November 26, 2010 may be viewed at www.sedar.com.

6.2 McWatters Property – Rouyn Noranda, Quebec

By a property acquisition agreement dated December 10, 2010 and approved by the Company's shareholders on December 30, 2010, the Company acquired the Bazooka and McWatters gold properties near Rouyn Noranda, Quebec, from Lake Shore Gold for consideration of 10,000,000 common shares of the Company and the transfer of its interest in the Golden Property near Timmins, Ontario and up to 50% of the Company's earned interest in the Meunier JV property to Lake Shore Gold. As further compensation to the Company, Lake Shore Gold agreed to reimburse the Company for \$500,000 in exploration expenditures following the Company incurring a further \$1,000,000 in exploration on the Meunier JV property. This related party transaction was measured at the carrying amount, with the difference in consideration paid debited to retained earnings.

The McWatters property consists of 12 claims (404 Ha) located 8 km southeast of the town of Rouyn-Noranda. The property is just north of the Cadillac Larder Lake Fault Zone.

The McWatters property is located on the east extension of the CDLZ and contiguous with the east boundary of the Yourbeau Astoria Property where past mining has extended a shaft to 515 meters below surface and Yourbeau has been evaluating the potential for open pit mining. The McWatters property is also adjacent to land holdings owned by Threegold Resources Inc. (TSX.V: THG) and Gold Bullion Development Corporation Inc. (TSX.V: GBB). The McWatters property has seen limited past exploration but several gold showings have been identified both within and in the surrounding area.

The mineralization at McWatters consists of gold, pyrite and arsenopyrite. A showing known as the Lac La Bruere-Bischoff showing is located by past drilling (Lake Shore Gold 2003), which crosscut quartz veins with pyrite and arsenopyrite in a silicified wacke. These historic results returned up to 1.02 gpt Au over 0.91 meters and 7.79 gpt Au over 3 meters.

As different parts of the property remain covered by overburden, mineralized zones could be present at such locations. A compilation of past geophysical work and newly proposed geophysics will be undertaken on the property to be followed up by diamond drilling throughout 2011.

6.3 Meunier-144 Property – Timmins, Ontario

By a property acquisition agreement dated December 10, 2010 and approved by the Company's shareholders on December 30, 2010, the Company sold 50% of its earned interest in the Meunier-144

Property to Lake Shore Gold in partial consideration for the acquisition of the Bazooka and McWatters gold properties near Rouyn Noranda, Quebec, from Lake Shore Gold (see “Bazooka Property” and “McWatters Property” above). As further consideration to the Company, Lake Shore Gold agreed to reimburse the Company for \$500,000 in exploration expenditures in 2011 following the Company incurring a further \$1,000,000 in exploration on the Meunier JV property. The following describes the original Meunier property option agreement that the Company sold 50% of its interest in to Lake Shore Gold.

By an option agreement dated May 5, 2010, further subject to an agreement with Lake Shore Gold dated December 10, 2011 described above, the Company has been granted an option to acquire up to a 50% interest in a gold property (“the Meunier-144 Property” or “RTM - AGE JV Property”) located in the district of Timmins, Ontario from Adventure Gold Inc. (TSX.V: “AGE”), and Lake Shore Gold has been granted an option to acquire up to a 10% interest in the Property, pursuant to the completion of the following transactions and subject to regulatory approval.

The Company shall have exercised the First Option and shall have acquired a 25% undivided interest in the Property by paying to AGE \$300,000 in cash (paid); issuing 2,500,000 common shares (issued); incurring a minimum of \$1,500,000 in work expenditures on the property on or before October 31, 2011; participating in a \$400,000 financing of AGE and subscribing for 1,000,000 units at a price of \$0.20 per unit for gross investment of \$200,000 (completed); completing a private placement of units at \$0.20 per unit so as to raise \$350,000 (completed); and completing a further private placement of flow-through shares at \$0.20 per share so as to raise a minimum of \$800,000 (completed). As consideration for the firm payments and commitments as outlined, AGE issued to the Company 500,000 compensation warrants, each warrant entitling the Company to purchase one common share of AGE at a price of \$0.20 per share for a period of one year.

Subject to the Company having exercised the First Option in accordance with the agreement, the Company is granted a Second Option to acquire an additional 25% undivided interest in the Property for a period commencing on the Earn-In Date and ending October 31, 2013. The Company shall have exercised the Second Option by issuing an additional 250,000 common shares and by incurring additional work expenditures for a minimum of \$1,500,000.

Following the exercise of the Second Option by the Company, Lake Shore Gold shall have the right to acquire from the Company and AGE a 10% undivided interest in the Property by completing a preliminary resource assessment at LSG’s cost, within a period of 10 years from the effective date, for the purpose of advancing the Property to commercial production. As additional consideration for the LSG Option, LSG has agreed to participate in the AGE Private Placement and subscribe for units for total gross proceeds of \$200,000 as described above.

The Company shall act as the operator during the First and Second Option Period and as such, shall be responsible for carrying out and administering the work expenditures on the Property. However, AGE and the Company agree to appoint LSG as field supervisor and manager of any approved program to be carried out on the Property for such time as the Option is ongoing and in good standing.

Upon the exercise of the First and/or Second Option, whichever the case may be, the parties agree to form and participate in a Joint Venture for the purpose of further exploration and development work on the Property and if warranted, the operation of a mine thereon. All further work on and with respect to the Property, and the subsequent relationship between AGE and the Company in relation to the Property shall be governed by a Joint Venture Agreement between the Parties. The Joint Venture Agreement shall incorporate the terms and conditions of the LSG Option and shall govern the relationship of the Parties in this regard.

AGE has agreed to pay the Optionors the sum of \$2,000,000 in the event that a pre-feasibility study conducted on the Property indicates the potential for commercial production of at least one million ounces of gold; and a net smelter return royalty of 2.5%, of which 40% can be purchased at any time at the sole discretion of AGE for a price of \$2,000,000. The Parties agree that upon the exercise of the First and/or Second Option by the Company, whichever the case, and upon the exercise of the LSG Option by LSG, as the case may be, the Production Payment and Royalty shall be the responsibility of the Joint Venture and shall be assumed and paid by the Parties in accordance with their respective Joint Venture interest.

LSG will have a first right to all future production financing, debt or equity financing by the Company or AGE regarding the Property for such time that the above option agreement is in good standing or the Company or LSG own an interest in the Property.

The Meunier-144 Property – description and work performed

The Meunier-144 Property primarily covers a sequence of volcanic rocks located on the north side of the West Timmins sedimentary basin and along the west extension of the Bristol fault from the Timmins Mine and Thunder Creek properties where Lake Shore Gold Corp is currently developing a potential large scale mining operation. The key initial target for exploration on the Property includes the down plunge extension of gold zones located at the Timmins mine and Thunder Creek deposits including a pronounced “Fold nose” structure thought to control the bulk of gold mineralization at the Timmins mine and where LSG recently announced discovery of a second fold nose and significant new gold intersections approximately 600 meters east of the boundary with the property (see LSG press release dated February 18, 2010). Additional targets to be tested will include the projected down plunge extension of the Rusk horizon as well as new targets to be defined by surface exploration along the west extension of the Bristol fault. Coincident with this, some work will be undertaken to evaluate programs for surface mapping, sampling and geophysics. LSG will manage and supervise the above programs.

In July 2010, Lake Shore Gold, acting as field operator, commenced a deep diamond drilling program at the Meunier-144 Property. The initial drill program will attempt to complete approximately 4850m of drilling in an initial deep master hole and one wedge cut with drilling expected to be completed in about 8 months. The initial master hole is planned to be 3,300m in core length (approximately 2400m vertical depth) and the first wedge cut is planned to be 700m in core length (approximately 1800m vertical depth). A total of 850m is allotted in the drill program to re-drill portions of the holes if required.

In addition to drilling, geological mapping and prospecting will be undertaken on the Property while the deep drilling is in progress. The main objective of the initial deep master drill hole is to intersect the down plunge projection of the Timmins Mine at up to 2400m vertically below surface and the Thunder Creek Rusk Zone below 2,400 metres. Once the initial deep master drill hole is complete, one wedge will be completed to extend any intersected mineralization. Additional wedging may be carried out in future programs.

The current initial deep drill hole on the Meunier JV property is ongoing. This initial deep hole was collared on LSG’s Timmins Mine property in August 2010 and is now about 1980m in core length.

This hole is targeting potential zones down plunge and on strike to mineralization at LSG’s 100% owned Timmins Mine gold deposit where LSG has recently announced intercepts of up to 13.55 g/t Au over 50.80m and 61.35 g/t Au over 15m (LSG - August 10, 2010 News Release) and where LSG has announced further drilling results relating to their Thunder Creek project, Rusk Zone, of up to 75.14 g/t Au over 18.60m (LSG-March 4, 2011 News Release).

The Timmins Mine deposit straddles a volcanic/sedimentary/ultramafic contact zone, within a folded sequence that plunges about 54 degrees to the west-northwest towards the RTM - Adventure Gold Inc. (listed on the TSX Venture exchange) Meunier JV Property in which RTM may earn up to a 25% interest

and LSG may earn a 25% interest. LSG may also earn a further 7.5% in the Meunier JV Property by carrying out an Economic Assessment Study on the property within the next 10 years.

LSG's Timmins Mine ore body has demonstrated vertical persistence as it can be traced down-plunge for a distance of approximately 1500m from surface, and remains open at depth. Newly emerging and significant fold structures and complexities are now becoming apparent on the deepest sections of the Timmins Mine from LSG drilling. Overall, the gross geometry of the structure has remained consistent from surface to a 1300m vertical depth and it is apparent that this geometry and structure continues to depth toward and potentially onto the Meunier JV Property.

The Qualified Person ("QP") for the RTM - AGE JV Property is Jacques Samson, P. Geo. As QP, he has prepared or supervised the preparation of the scientific or technical information for the property. Mr. Samson is an employee of Lake Shore Gold.

There is no guarantee that the Timmins Mine Deposit and Thunder Creek Rusk Zone extend onto the RTM - AGE JV Property and/or converge. Similarly, there is no guarantee that results from the drill program discussed in this press release will lead to the identification of a deposit that can be mined economically.

6.4 Golden Property – Timmins, Ontario

By an option agreement dated July 31, 2009, the Company acquired a 100% interest in a gold property ("the Golden Property") located in the district of Timmins, Ontario, in consideration for the payment of \$1,030,000, the issuance of 500,000 common shares of the Company, and the expenditure of an aggregate of \$2,100,000 in exploration expenditures over four years. The Company's interest in the Timmins Property was subject to a 3% net smelter return royalty, one half of which may be repurchased at any time for \$1,000,000.

By an agreement dated December 10, 2010, the Company sold its interest in the Golden Property to Lake Shore Gold in a transaction that closed on December 30, 2010. This related party transaction was measured at the carrying amount, with the difference in consideration paid debited to retained earnings.

7. LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents as at February 28, 2011 were \$2,570,652 compared to \$134,778 as at November 30, 2010. Factors that could impact on the Company's liquidity are monitored regularly and include the market price of the Company's trading securities for the purposes of raising financing, exploration expenditures, and operating costs.

Cash on hand at the end of the period increased from that of the prior year. Most significant cash transactions include the following:

- \$4,006,370 gross cash proceeds from private placements
- \$75,000 cash proceeds from warrant exercises
- \$566,396 cash expenditures on operating costs
- \$451,474 cash expenditures on resource property costs
- \$342,460 cash advances to Lake Shore Gold for expenditures on the Meunier property, recorded as "prepaid expense"

Working capital surplus was \$3,227,409 as at February 28, 2011. This compares to working capital deficiency of \$20,791 as at November 30, 2010.

Short term investments consist of securities in Adventure Gold Inc. with whom the Company participated in a property option and financing agreement described in the section “6.3 *Meunier-144 Property – Timmins, Ontario*” above. In May 2010, the Company subscribed for 1,000,000 units of AGE at a price of \$0.20 per unit for gross investment of \$200,000. Each unit consists of one common share of AGE and one-half warrant, each whole warrant entitling the Company to purchase an additional share of AGE for \$0.27 per share for a two year period. In October 2010, the Company sold 1,000,000 common shares of its investment in AGE. Pursuant to the same property option agreement, the Company was issued 500,000 compensation warrants entitling the Company to purchase 500,000 common shares of AGE at a price of \$0.20 per share until May 27, 2011. The fair value of these warrants was calculated to be \$45,000 at acquisition and \$251,000 at February 28, 2011 using the Black-Scholes pricing model. The Company exercised the 500,000 compensation warrants in March 2011 with the intent to sell them for profit.

Receivables at the end of the period were \$193,900 and consist of \$186,292 in HST input tax credits and other miscellaneous receivables. Prepaid expenses of \$360,854 include \$342,460 in cash advances paid to Lake Shore Gold for expenditures on the Meunier property, and \$11,200 in consulting fees paid to a company with a common director. The balance of prepaid expenses relate to maintenance of the Company’s website, investor communication advances, office rent and insurance, and salary advances to a company with a common director.

Accounts payable and accrued liabilities of \$102,748 consist of trade payables and vacation pay liabilities.

Due to related parties represents amounts owing to directors, officers, companies with a common director, and shareholders who hold greater than a 10% interest in the Company for unpaid project management services, expenses and salaries, which are unsecured, non interest bearing and payable on demand. Due to related party also includes \$21,517 payable to Lake Shore Gold for exploration expenditures on the Bazooka Property incurred by Lake Shore Gold on the Company’s behalf.

Future income tax liability of \$371,495 is recorded to recognize that the Company does not have enough non-capital losses to offset flow through renunciations.

7.1 Operating Cash Flow

The Company is still considered to be in the exploration and development stage and as such does not earn any significant revenue. Interest earned on cash deposits and HST refunds totalled \$6,134 for the three months ended February 28, 2011. Cash flow expended on operations before changes in non-cash working capital items for the period was \$134,617 compared to \$183,501 for the three months ended February 28, 2010. Changes in non-cash working capital items for the period were a cash outflow of \$431,779 compared to an inflow of \$818 for the three months ended February 28, 2010.

7.2 Investing Activities

Cash outflow from investing activities was \$451,474 for the three months ended February 28, 2011 (2010: \$480,186). \$451,474 in cash (net of the below exclusions) was spent on mineral property exploration. Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows. The following transactions have been excluded from the statement of cash flows:

- \$19,821 resource property costs included in accounts payable and accrued liabilities; and
- \$43,350 resource property costs included in due to related parties.

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian (flow-through) qualifying exploration expenditures. The

Company has indemnified the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

The Company is committed to spending the flow-through unit proceeds on exploration activities and to renouncing \$5,261,814 of eligible Canadian Exploration Expenditures to the subscribers of the flow-through shares. This amount will not be available to the Company for future deduction from taxable income.

As a result of the \$1,200,000 flow-through unit proceeds raised in December 2009, \$1,194,000 in exploration expenses was renounced in February 2010. The Company recorded a recovery of future income tax assets of \$250,000 with a reduction in share capital of \$298,000 with respect to the renunciation. The Company is required to incur \$1,194,000 (incurred by September 2010) in qualifying exploration expenses before December 31, 2010.

As a result of the \$800,000 flow-through share proceeds raised in May 2010, \$800,000 in exploration expenses was renounced in February 2011. The Company recorded a recovery of future income tax assets of \$32,644 with a reduction in share capital of \$200,000 with respect to the renunciation. The Company is required to incur \$800,000 (\$800,000 incurred by December 31, 2010) in qualifying exploration expenses before December 31, 2011.

As a result of the \$1,878,000 flow-through share proceeds raised in December 2010, \$1,877,061 in exploration expenses was renounced in February 2011. The Company recorded a reduction in share capital of \$469,265 with respect to the renunciation. The Company is required to incur \$1,877,061 (\$357,275 incurred by February 28, 2011) in qualifying exploration expenses before December 31, 2011.

As a result of the \$1,391,250 flow-through share proceeds raised in December 2010, \$1,390,753 in exploration expenses was renounced in February 2011. The Company recorded a reduction in share capital of \$347,688 with respect to the renunciation. The Company is required to incur \$1,390,753 (\$72,666 incurred by February 28, 2011) in qualifying exploration expenses before December 31, 2011.

7.3 Financing Activities

Cash inflows from financing activities for the three months ended February 28, 2011 were \$3,453,744 compared to \$1,686,523 in the 2010 comparative period and included the following:

- \$4,006,370 gross cash proceeds from private placements
- \$75,000 cash proceeds from warrant exercises
- \$290,908 cash paid for share issue costs

Due to related parties of \$46,249 represents amounts owing to directors, officers, and companies with common directors for unpaid project management services, expenses and salaries, which are unsecured, non interest bearing and payable on demand. Due to related party also includes \$21,517 payable to Lake Shore Gold, the Company's majority shareholder, for expenditures incurred on the Bazooka property on the Company's behalf.

An amount of \$43,350 owing to related parties was offset against resource property costs for purposes of the Statements of Cash Flows, because they relate to exploration expenditures.

On December 30, 2010, the Company completed its acquisition of the Bazooka and McWatters gold properties in Quebec from Lake Shore Gold and closed three separate non-brokered unit private placements for total gross proceeds to the Company of \$4,006,370. On closing of the Private Placements, the Company issued a total of 4,607,000 units at \$0.16 per unit, a further 9,390,000 flow-through units at \$0.20 per unit and 4,968,750 structured flow-through units at \$0.28 per unit. Each \$0.16

Unit was comprised of one common share and one half of a warrant, with each whole warrant entitling the holder to acquire a further common share of the Company at a price of \$0.20 for a term of two years, expiring December 30, 2012. The \$0.20 Units and the \$0.28 Units were each comprised of one flow-through share and one half of a Warrant, with each whole warrant (a "Warrant") entitling the holder to acquire a further common share of the Company at a price of \$0.20 for a term of 2 years, expiring December 30, 2012. Insiders subscribed for 200,000 of the \$0.20 Units and Lake Shore Gold subscribed for 1,500,000 of the \$0.16 Units. The Company paid finders' fees totalling \$187,762 and issued 854,445 finders' warrants in connection with the Private Placements. Each finder's warrant entitles the holder to acquire one common share of the Company at a price of \$0.20 for a term of two years expiring December 30, 2012.

Pursuant to the property transactions with Lake Shore Gold, the Company has issued to Lake Shore Gold 10,000,000 common shares, and transferred its interest in the Golden Property near Timmins, Ontario and up to 50% of the Company's earned interest in the Meunier JV property to Lake Shore Gold in consideration for the transfer to the Company by Lake Shore Gold of a 100% interest in the advanced stage Bazooka gold property in Quebec and the McWatters gold property in Quebec, as well as Lake Shore Gold agreeing to reimburse the Company for \$500,000 in exploration expenditures in 2011 following the Company incurring a further \$1,000,000 in exploration on the Meunier JV property adjacent to Lake Shore Gold's Timmins Mine property, Ontario.

Upon closing of the above transactions, Lake Shore Gold holds ownership of 27.2% of the issued and outstanding common shares of the Company, 34.9% of the Company assuming exercise of only their warrants, and 29.6% of the Company on a fully diluted basis as at the date of this report.

7.4 Commitments

In connection with the transfer of 50% of the Company's earned interest in the Meunier JV property to Lake Shore Gold pursuant to the December 30, 2010 property transactions, the Company and Lake Shore Gold will form a 50/50 joint venture and will share the Company's obligations under the Meunier JV with Adventure Gold Inc. The terms of the Company/Lake Shore Gold joint venture will provide that, in the event that a party does not contribute its pro-rata share of expenditures on the Meunier JV property and a party's interest in the Meunier JV property falls below 10%, then such party will transfer its remaining interest to the non-diluting party being either Lake Shore Gold or the Company.

The Company and Lake Shore Gold have entered into a strategic alliance agreement dated December 31, 2009 (the "Strategic Alliance Agreement") whereby Lake Shore Gold has been granted the right to appoint two persons to the board of directors of the Company and the right to participate, on a pro rata basis, in any subsequent equity financings of the Company. Under the terms of the Strategic Alliance Agreement, Lake Shore Gold has also been granted rights of first refusal in connection with any property transactions or project financings to be undertaken by the Company.

Pursuant to an agreement dated December 30, 2009, the Company engaged an agent to act as the Company's advisor and sponsoring agent for the proposed listing of the Company on the TSX Venture Exchange. As consideration for all of these services, the Company agreed to pay the agent the sum of \$30,000 for legal fees and issued 100,000 shares of the Company and 375,000 compensation warrants entitling them to acquire 375,000 shares of the Company at a price of \$0.20 per share until December 31, 2010. The fair value of 375,000 compensation warrants calculated to be \$105,000 and the deemed value of 100,000 compensation shares calculated to be \$30,000 were included in filing fees. Pursuant to a new agreement with the agent dated May 6, 2011, the Company agreed to pay to the agent a further \$10,000 for legal fees as well as reasonable expenses in connection with the listing sponsorship.

Pursuant to an agreement dated April 20, 2010, the Company is a co-tenant to an office premises sub-lease expiring April 30, 2011. The Company's monthly rental payment is \$1,862.

The Company is co-tenant to an Office Lease for a three year term commencing May 1, 2011. The base rent is as follows: Year 1 - \$16 per square foot per year (\$36,112 per year); Year 2 - \$16.50 per square foot per year (\$37,240.50 per year); and Year 3 \$17.00 per square foot per year (\$38,369 per year). Under the terms of the Office Lease there are also operating costs which for 2011 the Company estimates to be \$11 per square foot. The operating costs will be adjusted annually. The Company and its Co-Tenant have agreed to each pay for 50% of the rent due and owing.

Effective February 2, 2011, the Company has engaged a third party to act as a communication, investor and business relations consultant to the Company. The Company has agreed to pay the consultant a fee of \$5,000 per month for a period of at least three months.

Effective January 1, 2010, the Company signed a management agreement to pay the President of the Company a salary of \$2,000 per month for the term of the contract expiring December 31, 2010. This contract provides for a bonus payment of \$75,000 should the President be instrumental in obtaining to the benefit of the Company equity, debt, project, exploration or joint venture funding valued at not less than \$1,000,000 in aggregate for 2010. As a consequence of the \$4,006,370 private placements closed in December 2010, the bonus was earned and payment was made in January 2011. Effective January 1, 2011, the Company signed a management agreement to pay the President of the Company a salary of \$4,000 per month with no bonus provision for the term of the contract expiring December 31, 2011; this agreement was subsequently cancelled on April 1, 2011 and replaced by a Consulting, Management and Key Personnel Agreement (see below).

Effective January 1, 2010, the Company signed an administrative and consulting services contract to pay \$8,000 per month to a company with a common director for the term of the contract expiring December 31, 2010. Effective January 1, 2011, the Company signed an administrative and consulting services contract to pay \$10,000 per month to a company with a common director for the term of the contract expiring December 31, 2011; this agreement was subsequently cancelled on April 1, 2011 and replaced by a Consulting, Management and Key Personnel Agreement (see below).

Effective April 1, 2011, the Company signed a Consulting, Management and Key Personnel Agreement to pay \$12,000 per month to a company with a common director for the term of the contract expiring December 31, 2011. This agreement replaces the agreement dated January 1, 2011 to pay the President of the Company a salary of \$4,000 per month; and the agreement dated January 1, 2011 to pay \$10,000 per month to a company with a common director.

The Company is committed to make certain cash payments, share issuances and exploration expenditures in order to keep its properties in good standing, as described under “*Results of Operations - Mineral Properties*” above.

The Company is committed to certain management contracts as described under “*Related Party Transactions*” below.

7.5 Sources of Financing

The Company’s financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and the attainment of profitable operations. Management is of the opinion that the Company will continue to be able to meet its liabilities as they become payable.

8. OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

9. RELATED PARTY TRANSACTIONS

Transactions with related parties are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by related parties), which approximate the arm's length equivalent value for sales or products.

The Company is committed to the following management and consulting agreements with directors, officers and/or companies related by common directors:

- Pursuant to a management agreement with the President and CEO dated January 1, 2010, the Company agreed to pay a salary of \$2,000 per month for the term of the contract expiring December 31, 2010. This contract provides for a bonus payment of \$75,000 should the President be instrumental in obtaining to the benefit of the Company equity, debt, project, exploration or joint venture funding valued at not less than \$1,000,000 in aggregate for 2010. This bonus was earned upon closing of the December 2010 private placements, and the bonus was paid in January 2011. Effective January 1, 2011, a new management agreement was signed to pay a salary of \$4,000 per month for the term of the contract expiring December 31, 2011. This agreement was subsequently cancelled on April 1, 2011 and replaced by a Consulting, Management and Key Personnel Agreement (see below).
- Pursuant to an agreement with a company with a common director dated January 1, 2010, the Company agreed to pay \$8,000 per month for administrative and consulting services for the term of the contract expiring December 31, 2010. Effective January 1, 2011, a new administrative and consulting agreement was signed to pay \$10,000 per month for the term of the contract expiring December 31, 2011. This agreement was subsequently cancelled on April 1, 2011 and replaced by a Consulting, Management and Key Personnel Agreement (see below).
- Pursuant to an agreement with a company with a common director dated April 1, 2011, the Company signed a Consulting, Management and Key Personnel Agreement to pay \$12,000 per month for the term of the contract expiring December 31, 2011. This agreement replaces the agreement dated January 1, 2011 to pay the President of the Company a salary of \$4,000 per month; and the agreement dated January 1, 2011 to pay \$10,000 per month to a company with a common director.

The Company incurred the following charges with directors of the Company and companies with common directors:

	Three months ended February 28, (Restated)	
	<u>2011</u>	<u>2010</u>
Administrative and consulting fees	\$ 22,000	\$ 21,000
Management salaries	<u>9,000</u>	<u>16,149</u>
	<u>\$ 31,000</u>	<u>\$ 37,149</u>

These expenditures were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

Prepaid expenses at February 28, 2011 include \$11,200 (November 30, 2010: \$8,960) in consulting fees paid to a company related by virtue of a common director. It also includes a cash advance of \$342,460 paid to Lake Shore Gold for expenditures on the Meunier property.

Resource property costs for the three months ended February 28, 2011 include \$35,631 (November 30, 2010: \$250,169) paid to directors of the Company and companies with a common director for project management services. Also included in resource property costs for the three months ended February 28, 2011 is \$425,684 in exploration expenditures on the Meunier-144 Property and \$19,042 in exploration expenditure on the Bazooka Property incurred by Lake Shore Gold on the Company's behalf.

Due to related party at February 28, 2011 includes amounts owing to directors and companies with common directors for unpaid project management services, expenses and salaries. Due to related party also includes \$21,517 including HST payable to Lake Shore Gold for the exploration expenditures described above.

Other than the reimbursement of general administrative and business expenses, no other monies were paid to related parties. All related party transactions are in the normal course of business and priced within industry standards.

10. CAPITALIZATION

Shareholder's equity was \$5,855,556 as at February 28, 2011 compared to shareholder's equity of \$3,493,995 as at November 30, 2010.

10.1 Share Capital

Outstanding share data as at May 20, 2011 is as follows:

Authorized:

Unlimited number of common shares

Issued and outstanding:

	<u>Number</u>	<u>Amount</u>
Balance, November 30, 2010	<u>40,475,000</u>	<u>\$ 4,291,027</u>
For cash:		
Warrant exercise	375,000	75,000
Transfer from contributed surplus on exercise of warrants	-	105,000
Pursuant to a private placement – at \$0.16	4,607,000	737,120
Pursuant to a private placement – at \$0.20	9,390,000	1,878,000
Pursuant to a private placement – at \$0.28	4,968,750	1,391,250
Share issue costs	-	(487,430)
Renunciation of flow through share proceeds	-	(1,016,954)
For Bazooka and McWatters properties – at \$0.1508	<u>10,000,000</u>	<u>1,508,000</u>
Balance, February 28, 2011 and May 20, 2011	<u>69,815,750</u>	<u>\$ 8,481,013</u>

As at May 20, 2011, the Company has 69,815,750 common shares issued and outstanding, of which 690,000 are held in escrow.

10.2 Stock Options

Outstanding option data as at May 20, 2011 is as follows:

	Number	Weighted Average Exercise Price
Balance, November 30, 2010 and February 28, 2011	2,300,000	\$0.25
Exercised	-	-
Cancelled	(150,000)	\$0.25
Granted	1,875,000	\$0.20
Balance, May 20, 2011	4,025,000	\$0.23

On March 3, 2011, the Company granted 1,800,000 stock options to insiders and 75,000 stock options to employees and consultants. Each option is exercisable at \$0.20 per share until March 3, 2013.

On May 1, 2011, 150,000 stock options exercisable at \$0.25 per share were cancelled.

As at May 20, 2011, the Company has 4,025,000 share purchase options outstanding. The following table provides information about share purchase options outstanding and exercisable as at May 20, 2011.

<u>Number</u>	<u>Exercise Exercise Price</u>	<u>Expiry Date</u>
2,150,000	\$0.25	March 1, 2012
<u>1,875,000</u>	<u>\$0.20</u>	March 3, 2013
<u>4,025,000</u>	<u>\$0.23</u>	

10.3 Warrants

Outstanding warrant data as at May 20, 2011 is as follows:

	Number	Weighted Average Exercise Price
Balance, November 30, 2010	9,931,000	\$0.20
Exercised	(375,000)	\$0.20
Cancelled	-	-
Issued	10,337,320	\$0.20
Balance, February 28, 2011 and May 20, 2011	19,893,320	\$0.20

On December 30, 2010, pursuant to three separate unit private placements and their related finder's fees, the Company issued 9,482,875 share purchase warrants and 854,445 agent share purchase warrants exercisable at \$0.20 per share until December 30, 2012.

On December 30, 2010, share purchase warrants to acquire 375,000 common shares were exercised for gross proceeds of \$75,000.

As at May 20, 2011, the Company has 19,893,320 share purchase warrants outstanding. The following table provides information about share purchase warrants outstanding and exercisable as at May 20, 2011.

<u>Exercise Price</u>	<u>Number of Shares</u>	<u>Expiry Date</u>
\$0.20	456,000	May 25, 2011
\$0.25	875,000	May 25, 2011
\$0.20	6,000,000	December 31, 2011
\$0.20	1,500,000	January 6, 2012
\$0.10	725,000	March 9, 2012
\$0.20	<u>10,337,320</u>	December 30, 2012
	<u>19,893,320</u>	

10.4 Contributed Surplus

	May 20, 2011	February 28, 2011	November 30, 2010
Balance, beginning of period	\$ 783,925	\$ 692,403	\$ 119,201
Stock-based compensation	300,000	-	437,000
Stock options exercised	-	-	-
Warrants exercised	-	(105,000)	(14,398)
Agent compensation	-	196,522	150,600
Balance, end of period	<u>\$ 1,083,925</u>	<u>\$ 783,925</u>	<u>\$ 692,403</u>

11. BOARD OF DIRECTORS AND OFFICERS

The directors of the Company are Donald (Dan) M. Clark (President and CEO), Mario Stifano, Eric Kallio, Paul Antoniazzi, and Ferdynand Kiernicki. Sandra Wong is Chief Financial Officer and Corporate Secretary.

12. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities, revenues and expenses. These estimates are based upon historical experience and on various other assumptions that management believe to be reasonable under the circumstances, and require judgement on matters which are inherently uncertain.

13. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New Accounting Standards

Effective December 1, 2007, the Company adopted four new Canadian Institute of Chartered Accountants (“CICA”) accounting standards: (a) Handbook Section 1535, *Capital Disclosures*; (b) handbook Section 3862, *Financial Instruments – Disclosures*; and Handbook Section 3863, *Financial Instruments –*

Presentation; (c) Handbook Section 1506, *Accounting Changes*; (d) Emerging Issues Committee of the CICA abstract No. 166, *Accounting Policy Choice for Transaction Costs*; and (e) Handbook Section 1540, *Cash Flow Statements*. The main requirements of these new standards and the resulting financial statement impact are described below.

Consistent with the requirements of the new accounting standards, the Company has not restated any prior period amounts as a result of adopting the accounting changes. The effect of the adoption of these standards is summarized below:

i) Capital Disclosure, Section 1535

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company's investment policy is to hold excess cash in interest bearing bank accounts.

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the three months ended February 28, 2011.

ii) Financial Instruments – Disclosure and Presentation, Section 3862 and 3863

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is not exposed to major credit risk as it has no customers. Additionally, the majority of the Company's cash is held with a high rated Canadian financial institution in Canada.

b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have

sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

As at February 28, 2011, the Company's financial liabilities were comprised of accounts payable, accrued liabilities, due to related parties, and future income tax liability. As at February 28, 2011, the Company had current assets of \$3,376,406 (2010 - \$430,012) and current liabilities of \$148,997 (2010 - \$450,803). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. Working capital surplus of the Company at February 28, 2011 is \$3,227,409 (2010 – working capital deficiency \$20,791).

c) Market Risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

d) Currency Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the development stage and has not yet developed commercial mineral interests, the underlying commodity price for minerals is impacted by changes in the exchange rate between the Canadian and United States dollar. As all of the Company's transactions are denominated in Canadian dollars, the Company is not significantly exposed to foreign currency exchange risk at this time.

e) Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

f) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As the Company has no interest-bearing investments or debt, it is not exposed to interest rate risk at this time.

g) Fair Value Hierarchy

The Company also adopted CICA Handbook Section 3862, Financial Instruments – Disclosures whereby an entity shall classify and disclose fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is, derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been

considered in measuring fair value. The Company categorizes all of its financial instruments which are measured at fair value as level 1.

h) General Standards of Financial Statement Presentation

The Canadian Accountability Standards Board (“AcSB”) amended CICA Handbook Section 1400, General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008 and was adopted by the Company on October 1, 2008. The implementation of this standard did not have a material effect on the Company's financial statements.

i) Financial Statement Concepts

Handbook section 1000 has been amended to focus on the capitalization of costs that meet the definition of an asset and de-emphasizes the matching principle. The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The implementation of this standard did not have a material effect on the Company’s financial statements.

New Accounting Pronouncements

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 generally accepted accounting principles (“GAAP”) and 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 December 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. 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.

Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062.

The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company adopted the new standards for its fiscal year beginning November 1, 2008. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The adoption of this new Section had no impact on the Company’s financial statements.

Business Combinations

In January 2009, the CICA issued the new handbook Section 1582, “Business Combinations” effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of Section 1582 is permitted. This pronouncement further aligns Canadian GAAP with US GAAP and IFRS and changes the accounting for business combinations in a number of areas. It establishes principles and requirements governing how an

acquiring company recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, any non-controlling interest in the acquiree, and goodwill acquired. The section also establishes disclosure requirements that will enable users of the acquiring company's financial statements to evaluate the nature and financial effects of its business combinations. Although the Company is considering the impact of adopting this pronouncement on the financial statements, it will be limited to any future acquisitions beginning in fiscal 2011.

14. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying values of cash, amounts receivable, amounts due to related parties, and accounts payable approximate their fair values due to the relative short-term maturity of these instruments. The Company is not exposed to significant interest rate risk or credit concentration risk arising from these financial instruments. The Company's functional currency is the Canadian dollar. All current exploration occurs within Canada. There is no significant foreign exchange risk to the Company.

15. 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.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves.

The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only, are without known bodies 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. Exploration of the Company's mineral exploration may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

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 material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

16. CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are

cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

This Management's Discussion and Analysis contains "forward-looking statements, within the meaning of applicable Canadian Securities legislation", that involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold and copper, the estimation of mineral reserves and resources, the realization of mineral estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", or "might" be taken, occur or be achieved. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: risks relating to the integration of acquisitions, risk relating to international operations, the actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and copper; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; fluctuations in metal prices; as well as those risk factors discussed or referred to in the Company's annual Management's Discussion and Analysis for the three months ended February 28, 2011 filed with the securities regulatory authorities in Canada and available at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements.

17. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of the Company and all the information in this Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material

respects. Management has prepared the financial information presented elsewhere in the Management's Discussion and Analysis and has ensured that it is consistent with that in the financial statements.

The Company maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and the minority of its members are independent directors. The Committee meets at least once a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors. The Company's auditors have full and free access to the Audit Committee.

On behalf of the Board,
RT MINERALS CORP.

Donald (Dan) M. Clark,
President and CEO