SILVER PHOENIX RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2011

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Silver Phoenix Resources Inc (the "Company" or "Silver Phoenix") as at March 31, 2011 and for the three month period then ended in comparison to the same period in 2010.

This MD&A should be read in conjunction with the condensed financial statements for the three months ended March 31, 2011 and supporting notes. These condensed financial statements have been prepared using accounting policies consistent with IFRS and in accordance with International Accounting Standard 34 ("IAS 34") – Interim Financial Reporting. A reconciliation of the previously disclosed comparative periods' financial statements prepared in accordance with Canadian generally accepted accounting principles to IFRS is set out in Note 21 to these condensed financial statements

All monetary amounts are in Canadian dollars unless otherwise specified. The effective date of this MD&A is May 30, 2011. Additional information relating to the Company is available on SEDAR at www.sedar.com

Forward-Looking Information

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, permitting risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, 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 statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; 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; as well as those factors detailed from time to time in the Company's interim and annual financial statements which are filed and available for review on SEDAR 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 as 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. Accordingly, readers should not place undue reliance on forward-looking statements.

Nature of Business

Silver Phoenix is an exploration stage company engaged in acquiring, exploring and developing mineral properties, principally located in British Columbia, Canada. The Company has no mineral producing properties, and thus, has no revenues from any mineral properties.

Current Status

The level of the Company's future operations will be determined by the availability of capital resources, which will be derived from the issuance of special warrants and future financings.

The Company has incurred recurring losses since its inception, and had an accumulated deficit of $837,425 as at March 31, 2011 which has been funded primarily by the issuance of shares. The Company has no source of operating cash flows and expects to incur further losses in the exploration and development of its mineral properties. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future.

The operations to date have consisted of initial organizational costs and commencement of exploration. Included in these costs were management fees paid to the President and a director of $21,000 and Chief Financial Officer of $7,500 for the period ended March 31, 2011.

Exploration Project

The Company has acquired 100% interest in three properties, the Big Showing Property, the Waverly Tangier Property and the River Jordan Property. In consideration for each property, the Company issued 750,000 shares and paid $35,000 for a total of 2,250,000 shares and $105,000.

Big Showing Property

On February 14, 2003, the Company entered into an agreement to acquire a 100% interest in the Big Showing Property for mineral claims for a total area of 1,000 hectares in the Revelstoke Mining Division of British Columbia. The Company acquired 90% of the property from the President and director of the Company and 10% from an individual who became a director of the Company November 1, 2006.

For payment of the property, the Company agreed to issue 750,000 common shares of the Company on the date of the agreement (issued), to pay $35,000 in cash by April 30, 2007 (paid), to issue 1,000,000 common shares of the Company within 30 business days of the date on which the Company receives a technical report disclosing an indicated mineral resource of 5,000,000 ounces of contained silver equivalent on the claims, and to issue a further 1,583,333 common shares within 30 business days of the date on which the Company receives a positive pre-feasibility study on the claims.

The transaction was considered a related party transaction and consequently the 750,000 common shares issued as initial payment were recorded at the nominal carrying amount of the property of the related party vendors. The cash payment of $35,000 was charged to deficit in 2007.

The Big Showing Property covers three separate deposits of sulphide mineralization called 1) Big Showing (formerly the Ruby Silver Showing); 2) Scout Showing and 3) Mammoth Showing. Mineralization consists of disseminations, blebs and aggregate of Pb-Zn-Ag sulphides hosted by silicified, iron-rich carbonate rocks within carbonaceous pelite and meta-volcanic rocks belonging to the Lower Paleozoic Hardeau Group. The deposits are thought to be structurally modified, stratiform in character, possibly SEDEX in origin. During the 2009 fiscal year, the Company completed an airborne survey for the Big Showing project. The cost for the airborne survey was $18,950. The work program planned for 2010 is subject to financing.

As at March 31, 2011, the Company had $49,009 of cumulative acquisition and exploration costs related to the Big Showing project.

Waverley Tangier Property

On March 15, 2004, the Company entered into an agreement to acquire a 100% interest in the Waverly Tangier Property for mineral claims for a total area of 4,449 hectares in the Revelstoke Mining Division of British Columbia. The Company acquired 90% of the property from the President and director of the Company and 10% from an individual who became a director of the Company on November 1, 2006.

The Company agreed to pay $35,000 in cash (paid in August 2007), to issue 750,000 common shares (issued) of the Company, to issue 1,000,000 common shares of the Company within 30 business days of the date on which the Company receives a technical report disclosing an indicated mineral resource of 5,000,000 ounces of contained silver equivalent on the claims, and to issue a further 1,583,333 common shares within 30 business days of the date on which the Company receives a positive pre-feasibility study on the claims.

The transaction was considered a related party transaction and consequently the 750,000 common shares issued as initial payment were recorded at the nominal carrying amount of the property of the related party vendors. The cash payment of $35,000 was charged to deficit in 2007.

The Waverley Tangier Property consists of two principle old mine workings: The Waverley which occur on the Tangier Claim (388305), and the Tangier, which occur on Waverley Claim (388306) and is situated at the head of the Sorcerer Creek, about 1 km below summit flats separating that creek from the head of Tangier Creek. Stratabound mineral occurrences in the project area are two main types: massive sulfide vein and carbonate replacement deposits. The Waverley and Tangier mineralization is similar to Polymetalic Manto-Type Replacement Deposits such as in the Midway of northern BC and Bluebell in southeast BC.

During the 2009 fiscal year, the Company had $76,578 of cumulative acquisition and exploration costs prior to receiving shares valued at $15,000 on March 23, 2010. The Company received a $75,000 option payment and shares valued at $31,500 during the 2009 fiscal year.

Armadillo Option

Pursuant to the amended and restated option and royalty agreement dated February 25, 2009 with Armadillo Resources Ltd. (“Armadillo”), the Company granted Armadillo a 60% interest (the “First Option”) in the Waverley-Tangier property (the “Property”) located in the Revelstoke Mining Division of British Columbia (see Note 4). Armadillo agreed to pay to the Company $350,000 in cash, to incur $3,000,000 in exploration expenditures and to issue 625,000 common shares of Armadillo to the Company as follows:

	Cash	Exploration Expenditures	Shares
Before March 31, 2009 (received)	$ 75,000	$ –	175,000
Before March 30, 2010 (received)	75,000	200,000	150,000
Before March 30, 2011	100,000	300,000	150,000
Before March 30, 2012	100,000	1,000,000	150,000
Before March 30, 2013	–	1,500,000	–
	$ 350,000	$ 3,000,000	625,000

During fiscal 2010, $75,000 cash and shares valued at $15,000 were received and a gain on option of mineral property of $90,000 was recorded. As part of the requirement for exercising the First Option, Armadillo agreed to pay for and deliver to the Company a Feasibility Study, as defined in National Instrument 43-101, no later than December 31, 2015. Armadillo is to deliver to the Company the exercise notice within 30 days from the delivery of the Feasibility Study.

Armadillo is also entitled to earn an additional 10% interest (the “Second Option”) in the Property by:

a) lending the Company, at the most attractive interest rate available and in no case greater than the London Interbank Offered Rate ("LIBOR") plus ½%, all of the amounts that will be payable by the Company under the joint operations of the Property (the "Joint Venture"); and

b) causing the Joint Venture to put the Property into commercial production.

The Property is subject to a 3% net smelter return ("NSR") royalty and the Joint Venture will pay annual advance royalty payments of $150,000 commencing on January 1, 2015 to the Company until the Property is put into commercial production. The advance royalty payments will be deducted from the NSR payments otherwise needed to be made.

Armadillo Resources has completed the multi-sensor airborne geophysical survey over the Waverly-Tangiers. After preliminary review of the data, the Company has increased its mineral claims holdings by 6,895 hectares from 4,449 hectares to 11,344 hectares.

River Jordan Property

On March 16, 2006, the Company entered into an agreement to acquire a 100% interest in the River Jordan Property for mineral claims for a total area of 649 hectares in the Revelstoke Mining Division of British Columbia. The Company acquired 90% of the property from the President and director of the Company and 10% from an individual who became a director of the Company on November 1, 2006.

The Company agreed to pay $35,000 in cash by April 30, 2007 (paid), to issue 750,000 common shares (issued in June 2007) of the Company, to issue 1,000,000 common shares of the Company within 30 business days of the date on which the Company receives a technical report disclosing an indicated mineral resource of 5,000,000 ounces of contained silver equivalent on the claims, and to issue a further 1,583,333 common shares within 30 business days of the date on which the Company receives a positive pre-feasibility study on the claims.

The transaction was considered a related party transaction and consequently the 750,000 common shares issued as initial payment were recorded at the nominal carrying amount of the property of the related party vendors. The cash payment of $35,000 was charged to deficit in 2007.

The River Jordan Property covers a sulphide deposit variously known as the River Jordan/Jordan River and the King Fissue Deposit which is a metamorphic rock – hosted massive sulphide deposit comprising Pb-Zn-Ag +/- Cu that has been variably described as a Broken Hill type and a sedimentary exhalative-type deposit. The deposit consists of a sulphide layer ranging up to 6 meters in thickness within calc-silicate gneiss. The property is located 19 km northwest of Revelstoke and covers Copeland Ridge between Copeland and Hiren Creek. Preliminary exploration was completed between August 8, 2008 and August 24, 2008 including geologic mapping, rock sampling and an orientation magnetometer survey, for an estimated cost of $71,153. The Company evaluated initial results and recommends that further exploration be carried out on the property. The Phase 1 program was estimated to cost $56,650. Management of the Company decided that it was prudent, more cost effective and more informative to do an airborne survey of the River Jordon project.

As at March 31, 2011, the Company had $131,491 of cumulative acquisition and exploration costs related to the River Jordan project.

Results of Operations

Silver Phoenix is a publicly traded Canadian exploration company with no mineral producing properties, and thus, does not have revenues from any mineral properties.

For the three months ended March 31,	2011 $	2010 $
Financial results:		
Net income for the period	51,150	35,634
Basic and diluted gain per share	0.01	0.01
Balance sheet date		
Cash and cash equivalent	76,945	204,763
Exploration and evaluation assets	180,501	152,704
Total assets		
Shareholders' equity	307,228	338,142

For the Three Months Ended March 31, 2011 as compared to the Three Months March 31, 2010

Net Gain/Loss and Operating Expenses

In the current period, the Company experienced a net gain of $51,150 compared to a net gain of $35,634 for the comparative period in 2010, an increase of $15,516. The Company experienced a small decrease in its general administrative expenses and experienced an overall net gain due to the option payment of for the Waverley Tangier Project.

Total operating expenses for the current period were $48,836 compared to operating expenses of $53,663 for the same period in 2010. The Company had a gain per share of $0.01 as compared to a loss per share of $0.01 in the same period in 2010.

The loss consisted primarily of management fees of $28,500 (2010-$28,500) paid to the directors and officers of the Company, including day to day administration for the Company, and overseeing regulatory filings and requirements. Professional fees of $12,000 (2010-$17,338) paid for accounting, audit and legal fees. During the period, the Company also incurred transfer agent fees of $692 (2010 - $684), office and miscellaneous of $1,176 (2010-$523), auto and travel of $4,273 (2010-$3,521), promotion of $896 (2010-$1,539), telephone and utilities of $655 (2010-$635) and filing fees of $600 (2010-$900).

Other Comprehensive Gain/Loss

The Company investment in Armadillo has been classified as an available-for-sale investment, with changes in fair value being recorded in other comprehensive income/loss. As a result, the Company recorded an unrealized gain on Armadillo investment of $14,500 (2010 loss of $20,500).

Summary of Quarterly Results

The following table sets forth selected results of operation for the Company's eight most recently completed quarters.

Quarter Ended	Revenues	Net (loss) gain	Net (loss) gain per share
March 31, 2011	$Nil	51,150	$0.01
December 31, 2010	$Nil	($37,837)	($0.01)
September 30, 2010	$Nil	($30,856)	($0.00)
June 30, 2010	$Nil	($71,121)	($0.01)
March 31, 2010	$Nil	$35,634	$0.01
December 31, 2009	$Nil	($54,191)	($0.01)
September 30, 2009	$Nil	($4,904)	($0.00)
June 30, 2009	$Nil	($52,743)	($0.01)

Quarterly results will vary in accordance with the Company's exploration and financing activities.

Mineral exploration is typically a seasonal business, and accordingly, the Company's operating expenses and cash requirements will fluctuate depending upon the season and the level of activity. The Company's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level normally declines accordingly. As capital markets strengthen and the Company is able to secure equity financing with favorable terms, the Company's activity levels and the size and scope of planned exploration projects will typically increase

Liquidity

As at March 31, 2011, the Company's net working capital was $122,521 compared to a net working capital of $145,812 as at December 31, 2010. The cash balance at March 31, 2011 was $76,945 compared to $143,087 as at December 31, 2010. As at March 31, 2011, current liabilities were $119,494 compared to $135,502 as at December 31, 2010.

On March 31, 2011, the Company had 6,900,520 common shares and 680,000 options outstanding. The average exercise price of the share purchase options are $0.25.

The company completed a non-brokered private placement with gross proceeds of $35,000.

Capital Resources

Since incorporation, the Company's capital resources have been limited. The Company has had to rely upon the sale of equity securities for the cash required for capital acquisitions, exploration and development, and administration.

The Company does not have any commitments for material capital expenditures and none are presently contemplated other than as disclosed above normal operating requirements. The Company may require funds in order to fund exploration programs on the Big Showing Property, the Waverly Tangier Property and the River Jordan Property and as a result, the Company will have to continue to rely on equity and debt financing in the future. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

Risks and Uncertainties

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities or joint ventures, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Recent degradation of the market conditions for the financing of equity and/or debt for mineral exploration and development companies has created additional uncertainty for future financing of the acquisition or development of the Company’s projects.

Mineral exploration is a speculative venture. There is no certainty that the money spent on exploration and development will result in the discovery of an economic ore body. There is no assurance that the Company's exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be related to the success of its exploration programs, which may be affected by a number of factors that are beyond the control of the Company.

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

The market price of precious metals and other minerals is volatile and cannot be controlled.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

The Company’s directors and officers serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction.

Related Party Transactions

During the period ended March 31, 2011, the Company paid management fees of $21,000 (2010 - $21,000) to the President and $7,500 (2010 - $7,500) to the Chief Financial Officer, respectively. The related party transactions were measured at the exchange amount which is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

Commitments

a) The Company is committed to a management services agreement with the President and director of the Company. The agreement requires payments of $84,000 per year commencing April 1, 2008. This contract is payable monthly and may be terminated by both parties by giving one month’s notice.

b) The Company is committed to a management services agreement with the Chief Financial Officer of the Company. The agreement requires payments of $30,000 per year commencing October 1, 2007.

This contract is payable monthly and may be terminated by both parties by giving one month's notice.

c) The Company is obligated to make certain payments and issue shares as described in Note 5 in connection with acquisition of its mineral properties.

Critical Accounting Policies and Estimates

The details of Silver Phoenix's accounting policies are presented in Note 3 of the condensed interim financial statements ended March 31, 2011. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

Adoption of Accounting Standards and Pronouncements under IFRS

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises for financial periods beginning on or after January 1, 2011, with earlier application permitted.

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's first IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011. Previously, the Company prepared its annual and interim financial statements in accordance with GAAP.

Transition to IFRS

The accounting policies in Note 4 of the condensed financial statements have been applied as follows:

- in preparing the condensed interim financial statements for the three months ended March 31, 2011;
- the comparative information for the three months ended March 31, 2010;
- the statement of financial position as at December 31, 2010; and
- the preparation of an opening IFRS statement of financial position on the Transition Date, January 1, 2010.

In preparing the opening IFRS statement of financial position, comparative information for the three months ended March 31, 2010 and the financial statements for the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP ("CAGAAP").

First-Time Adoption of International Financial Reporting Standards ("IFRS")

The Company's financial statements for the year-ending December 31, 2011 are the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result the first date at which the Company has applied IFRS was January 1, 2010 (the "Transition Date). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be December 31, 2011. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the

Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles (" Canadian GAAP").

In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared -in accordance with Canadian GAAP.

Initial elections upon adoption

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

Business Combinations

The Company elected not to retrospectively apply IFRS 3 Business Combinations to any business combinations that may have occurred prior to its Transition Date and such business combinations have not been restated.

Share-based Payment Transactions

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

Compound Financial Instruments

The Company has elected not to retrospectively separate the liability and equity components of compound instruments for which the liability component is no longer outstanding at the date of transition to IFRS.

Hedge Accounting

Hedge accounting can only be applied prospectively from January 1, 2010 to transactions that satisfy the hedge accounting criteria in IAS 39 at that date. Hedging relationships cannot be designated retrospectively and the supporting documentation cannot be created retrospectively. There was no material transition impact under this exception.

Estimates

IFRS 1 prohibits use of hindsight to create or revise previous estimates. The estimates the Group previously made under Canadian GAAP have not been revised for application of IFRS.

Reconciliations of Canadian GAAP Equity and Comprehensive Income to IFRS

The adoption of IFRS has had no impact on the net cash flows of the Group. The changes made to the consolidated statements of financial position and consolidated statements of comprehensive income have resulted in reclassifications of various amounts on the consolidated statements of cash flows, however as there have been no changes to the net cash flows, no reconciliations have been presented**.**

Management of Financial Risks

Fair Value

As at March 31, 2011, the Company’s financial instruments consisted of cash, amounts receivable, marketable securities and accounts payable. The fair values of cash, amounts receivable and accounts payable approximate their carrying values because of their current nature.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
Level 3 – Inputs that are not based on observable market date

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

		Level 1		Level 2		Level 3		March 31, 2011
Cash	$	76,945	$	-	$	-	$	76,945
Marketable securities		48,750		-		-		48,750
	$	125,695	$	-	$	-	$	125,695

		Level 1		Level 2		Level 3		March 31, 2010
Cash	$	143,087	$	-	$	-	$	143,087
Marketable securities		123,500		-		-		123,500
	$	266,587	$	-	$	-	$	266,587

The Company's financial instruments are exposed to a number of risks that are summarized below:

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 19.

The Company ensures its holding of cash is sufficient to meet its short-term exploration and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand, do not bear interest and are subject to normal trade terms. As at March 31, 2011 the Company has no financial assets that are past due or impaired due to credit risk defaults.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is exposed to market risk in trading its investments, and unfavourable market conditions could result in dispositions of investments at less than favourable prices. The Company's investments are accounted for at estimated fair values and are sensitive to changes in market prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. The Company is not exposed to significant interest rate risk as the

Company's has no interest bearing debt. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars. In management's opinion there is no significant foreign exchange risk to the Company.

Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions. Purchases and sales of securities are accounted for on the settlement date basis.

Capital Management

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises the items included in shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments of high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

Management's Report on Internal Control Over Financing Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.