

BENTON

RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Nine Months Ended March 31, 2008

May 29, 2008

GENERAL

Benton Resources Corp. (the "Company") is a development stage public company engaged in exploration for mineral deposits in Canada. The Company is in the early exploration stage with respect to all of its properties.

The following discussion of the financial condition and results of operations of the Company constitutes management's review of the factors that affected the Company's financial and operating performance for the nine months ended March 31, 2008. The discussion should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2007, including the notes thereto and the unaudited financial statements for the nine months ended March 31, 2008.

Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars and all financial information (as derived from the Company's financial statements) has been prepared in accordance with Canadian generally accepted accounting principles.

FORWARD-LOOKING INFORMATION

Certain information regarding the Company within Management's Discussion and Analysis (MD & A) may include "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD & A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, goals, expansion and growth of the Company's businesses, operations, plans and other such matters are forward-looking statements. When used in this MD & A the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. Such statements are subject to known and unknown risks and uncertainties that may cause actual results in the future to differ materially from those anticipated in forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such 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.

OVERVIEW OF BUSINESS

The focus of the Company is to seek out and explore mineral properties of potential economic significance and advance these projects through prospecting, sampling, geological mapping and geophysical surveying, trenching, and diamond drilling in order for management to determine if further work is justified. The Company's property portfolio consists of projects focusing on base metals, gold, uranium, and platinum group metals.

FINANCIAL & OPERATIONAL OVERVIEW

Financial Condition

The Company's cash balance as at March 31, 2008 was \$1,766,623 compared to \$6,703,785 as at June 30, 2007. This decrease is attributable in large part to increased expenditures on mineral properties and general and administrative expenses. Current assets of the Company as at March 31, 2008 were \$20,836,138 compared to \$7,020,251 as at June 30, 2007. The increase in current assets was attributable in a large part to the purchase of the fixed income temporary investments. Total assets as at March 31, 2008 were \$31,563,978 compared to \$13,647,441 as at June 30, 2007. The increase in total assets was attributable to the aforementioned investment of private placement proceeds in fixed income temporary investments by the Company. Current liabilities as at March 31, 2008 were \$778,158 compared to \$317,710 as at June 30, 2007. This increase is attributable to increased activity in exploration activities and general operating expenses just prior to the end of the quarter.

Results of Operations

The net loss for the nine months ended March 31, 2008 was \$872,996 (\$0.01 per common share) as compared to \$1,081,942 (\$0.04 per common share) for the same period in 2007. The decreased loss is primarily due to increased revenue arising as a result of the interest earned and change in market value of the fixed income temporary investments.

Cash Flows

The cash used by operating activities was \$513,613 for the nine months ended March 31, 2008 compared to cash used by operating activities of \$762,299 for the same period in 2007. This decrease was due mainly to an increase in accounts receivable and accrued liabilities and an compensation and other expenses paid through stock options. Cash provided by financing activities was \$17,441,596 for the nine months ended March 31, 2008 as compared to cash provided by financing activities of \$6,487,864 for the same period in the prior year; this change arose due to a significant increase in the proceeds from the issuance of shares with respect to a private placement closing during the period. Cash used in investing activities was \$21,865,145 for the nine months ended March 31, 2008 as compared to \$1,770,412 for the same period in 2007. The change in cash used by investing activities is due to the investment of private placement proceeds into fixed income temporary investments and an increase in mineral property acquisitions and exploration expenditures.

Exploration Projects

BERMUDA/BAMOOS/CLAW LAKE/FOUR DAMS COPPER PGE PROPERTIES

During the period ended March 31, 2008, the Company signed an agreement to enter into an Option and Joint Venture Agreement with Marathon PGM Corporation ("Marathon") on the eastern portion of the Bermuda property named the Bamoos/Claw Lake/Four Dams Property ("BCF"). Under the terms of the agreement, the Company will allow Marathon to earn a 60% interest in the BCF property by (i) issuing to the Company 120,000 common shares of Marathon, (ii) spending \$1.5 million in each of the first four option years and an additional \$2 million on or before the fifth anniversary year, and (iii) issuing to the Company cash payments of \$500,000 per year for the first three years totaling \$1.5 million. In addition, any ore mined on the property during the earn in period would entitle the Company to a 2% NSR royalty payable by Marathon.

During the period, Marathon notified the Company that diamond drilling has commenced on the joint venture property. The drilling will initially concentrate on defining the northern extension of the Marathon Deposit with the intent of incorporating the results into Marathon's resource estimate.

Marathon has indicated that 8,000 to 10,000 metres of drilling will be completed over the next few months.

Subsequent to the period ended March 31, 2008, Marathon released initial drilling results from the property including 3.16 g/t PGM and 0.40% Cu over 14 metres. There were numerous wide intercepts of PGM and Au and copper mineralization discovered during this phase of drilling. The results were determined to be very positive as the limits of the Main Zone mineralization have been expanded. Drilling on the property is continuing and a second drill rig is being mobilized to further extend the high-grade W horizon on the Marathon property.

BERMUDA WEST PROPERTY (REDSTONE)

The western portion of the Bermuda property consists of mining rights for 37 leases and 21 staked claims located in the Seeley Lake, Martinet, Grain, and Foxtrap Lake. Pursuant to a purchase agreement dated April 20, 2005, the Company acquired a 100% interest in these properties from Redstone Resources Inc. (owned 100% by Newmont Mining Corporation) for the sum of \$100,000. Redstone Resources Inc. will retain a 2.0% NSR.

This portion of the property hosts two large low grade deposits containing historical resources of 60 million tons grading 0.2% Cu, 5% Ti, 27% Fe, 5% P and 32 million tons grading 0.3% Cu, 2.48% Ti, 23% Fe, 0.02% Ni and 0.36% P located near Sally and Wullie Lake respectively. Previous operator Redstone Resources Inc. estimated the resources in 1991 using historical diamond drill information completed in the 1950's and 1960's by Lakehead Mines Ltd. and filed in the Ontario government assessment archives (Ministry of Northern Development and Mines branch, "MNDM"). The resources are also referenced from Ontario Geological Survey (Schnieders et al, 2004; OFR 6148, p.36). The reader should be cautioned that the resources and reserve estimates are historical in nature, have not been verified by the issuer's qualified person, and should not be relied upon. However, the Company believes them to be relevant due to the association between elevated titanium and PGE mineralization located to the east on the same mineralized horizon and the apparent lack of PGE assaying in the titanium-rich deposits by previous operators.

Subsequent to the period ended March 31, 2008, the company announced that drilling has commenced on the Sally Lake and Area 41 Copper-PGM (platinum group metal) mineralized zones located on the western extent of the Company's Bermuda Property near Marathon, Ontario. In Area 41, previous drilling completed by Benton returned significant intersections of TPM (Total Precious Metal = Pt + Pd + Au) and Cu including hole SL-06-01 which returned 0.28% Cu with 1.27 gpt TPM (0.42gpt Pt + 0.74gpt Pd + 0.11gpt Au) and 0.28% Cu over 57.7m (metres) including a 24.6m intersection grading 0.35% Cu with 2.02gpt TPM (0.67gpt Pt + 1.17gpt Pd + 0.18gpt Au). All intervals reflect drill thickness (drill thickness).

Benton has 6 drill holes planned at the Sally Lake Deposit to evaluate the potential of the iron titanium along with the copper, vanadium and TPM's. An additional 5 holes will be drilled at Area 41 to better define the mineralized zone of copper and TPM's that were intersected in the 2006 drill program.

GOODCHILD AND SOUTH GOODCHILD PROPERTY (STILLWATER JOINT VENTURE)

On the Goodchild project the Company has completed a detailed airborne survey over the entire property and entered into a joint venture with Stillwater Mining Company of Montana, USA on the project. The company has also completed additional prospecting, line cutting, and geological mapping. In addition, 2000 meters of diamond drilling is also anticipated to begin during the year as soon as the ground geophysical surveys are completed.

KINGURUTIK LAKE NICKEL PROPERTY

The Company has spent the initial \$600,000 on the property under the Agreement and the exploration completed to date includes a large airborne survey, geological mapping, prospecting, sampling, and limited Deep EM ground geophysics. Due to weather conditions, additional ground geophysics will be completed in the spring to be followed by diamond drilling and will be funded by Teck Cominco Limited ("Teck Cominco"). Teck Cominco has the right under the Agreement to increase their interest in the

property to 60% by incurring an additional \$4 million in expenditures over the initial three years with an additional right to increase its interest to 70% by incurring an additional \$7 million in expenditures (for a total of \$11 million) over a further three years.

Teck Cominco is currently completing exploration work under the joint venture agreement to increase its interest in the project to 60% by incurring the aforementioned expenditures.

Teck Cominco initiated a 1673 line-kilometre AeroTEM II airborne survey during the period on the remaining ground not covered by last year's survey on the Kingurutik Lake joint venture land package. The new airborne survey is designed to delineate conductive sources associated with nickel and copper mineralization similar to that discovered as part of the airborne follow-up program last summer.

To date a total of 324 grab samples have been collected from numerous conductive target areas identified by the 2007 survey. The selected samples from many of the targets returned encouraging nickel, copper, and cobalt values. Ground geophysical (UTEM) surveying over one of the targets, target "P", detected a strong conductive response that may form part of a future drill program. Teck Cominco is the operator on the joint venture project.

Q-9 GOLD AND SAGANAGA LAKE PROPERTIES

Teck Cominco has elected not to continue its joint venture agreement with the Company on these properties. As a result, the Company now has a 100% interest in the properties.

The company is planning to conduct extensive mapping of the Saganaga property during 2008 along with trenching and further sampling.

ARMIT LAKE PROPERTY

The Company has recently completed line cutting and ground geophysics consisting of ground magnetics, HLEM (Max-Min) surveys, geological mapping, soil sampling, prospecting and has completed an induced polarization survey (I.P) and trenching.

Subsequent to the period ended March 31, 2008, the company completed a thirteen-hole 2,151 metre diamond drilling program on the property. Partial assay results were received for five holes with the most significant results including a mineralized zone that returned 1.57% Nickel (Ni) and 0.08% cobalt (Co) over 7.8 metres in an altered ultramafic rock unit. Within that intersection was narrower but higher grading material of 3.7% Ni and 0.2% Co over 2.55 metres. This hole was drilled beneath the DC Creek nickel showing where previously discovered selected surface grab samples returned up to 4.17% Ni. The Company was also pleased with a second significant intersection being that of a new gold (Au) discovery in another drill hole located 800 meters to the east of the abovementioned hole. The intersected gold zone graded 23.03 grams per tonne (gpt) Au over 1.5 meters at 100 meters down hole. Follow up drilling is needed to determine the extent and true thickness of the nickel and gold mineralization.

The Armit Lake property has seen limited historical exploration efforts so the new gold and nickel discoveries in the first phase of drilling are extremely significant. The Company feels that given the large size of the property and the distance between the current drill holes the potential to discover additional mineralized zones of economic interest is high. Significant results from the remaining drill holes will be released when they are received and compiled.

FLYING LOON PROPERTY

The Company completed a small drill program to evaluate an unexpected intercept of gold mineralization from the 2006 drill campaign but only anomalous values over narrow width were obtained. The Company is currently looking for a joint venture partner on this property but has no plans for any work until such time as an agreement is made.

NIPIGON URANIUM PROPERTIES

The Company has numerous claim blocks in the Nipigon Basin covering structures and geology favorable for hosting uranium mineralization. The Company has recently signed joint venture agreements with Tri-Gold Resources Corp. ("Tri-Gold") and Grandcru Resources Corp. ("Grandcru") for all the claims held in the area. Work completed to date include, airborne geophysics, prospecting, line cutting, trenching, and geological mapping. Exploration on both projects are ongoing which include diamond drilling on the Tri-Gold joint venture and additional line cutting to be followed by diamond drilling on the Grandcru joint venture ground. Both Tri-Gold and Grandcru can earn up to 60% interest in their respective joint venture properties with the Company by spending the initial \$1 million each on the blocks they have under joint venture.

BARK LAKE PROPERTY

The Company entered into an option agreement with Joseph Hackl Sr. and Joseph Christopher Hackl Jr. whereby the Company has the right to earn a 100% interest in the Bark Lake claims located in Northern Ontario by making cash payments totaling \$59,000 and issue 40,000 common shares over a three year period. The property is subject to a 2% NSR royalty, half of which can be purchased by the Company for \$1 million.

The Bark Lake property is host to numerous newly discovered platinum (Pt), palladium (Pd), gold (Au), copper (Cu) and nickel (Ni) showings consisting of mineralized ultramafic rock either in outcrop or dozens of mineralized boulders. The mineralized occurrences are situated along the Quetico Fault, a major crustal-scale east west oriented structure. Samples collected during the first phase prospecting program has identified high grade nickel (Ni) and copper (Cu), along with platinum (Pt), palladium (Pd), and gold (Au). These samples which were taken approximately 200 meters to the north of the initial mineralized zone have returned individual assays grading up to 1.5% Ni, 1.2% Cu, 2.6 gram per tone (gpt) of Pd and 0.7gpt Au.

Through additional staking, the Company has more than doubled its initial land position and has completed its initial prospecting and line cutting programs as well as geological mapping and ground geophysics including magnetic, Max-Min electromagnetic and an induced polarization survey.

During the period, the Company completed a 1,414 meter diamond drill program in seven holes to test various geophysical anomalies. Two of the drill holes intersected the mineralized mafic-ultramafic intrusive rock unit that may represent the source of the high-grade mineralized boulders located due south. Although the platinum (Pt) to palladium (Pd) ratios in the drill core and mineralized boulders are similar, additional drilling is required to determine the exact location of the mineralized boulders. The next drill phase on the Bark Lake property will target the distinct high magnetic anomaly to search for mineralized basal and potential feeder zones to the mineralized ultramafic body.

HOPE BROOK GOLD PROPERTY

During the period ended March 31, 2008, the Company acquired through staking and option a large land package that includes the past producing Hope Brook Gold Mine located on the southwest coast of Newfoundland. The company has staked the favourable gold-bearing trend that hosts the Hope Brook deposit for approximately 30 kilometers and has entered into an option agreement with Quinlan Prospecting (Q.P.) of Newfoundland to acquire 3 separate claim blocks, one of which includes the Hope Brook gold deposit. To earn a 100% interest in the 3 claim blocks, the Company will make cash payments to Q.P. totaling \$170,000 and issue 200,000 shares over 4 years. As well, the Company will pay a finder's fee to a third party for being introduced to the project of 25,000 shares and 25,000 share purchase warrants exercisable for 24 months at a price of \$1.00. As well, the 3 claim blocks are subject to a 2% NSR royalty payable to Q.P. with an advance royalty payment of \$10,000 owing per year to a maximum of \$100,000 commencing on the Company having exercised the option to acquire the 3 claim blocks. The Company has the right to purchase one half of the 2% NSR royalty for \$1 million.

The Company's management is excited about this unique opportunity as the Hope Brook gold deposit was the province of Newfoundland's largest gold deposit and it is management's view that there is significant potential to discover additional deposits in the area. The Hope Brook deposit operated from 1987 to 1997 and produced 752,826 ounces of gold plus a copper concentrate from 1993 to 1997. Previous exploration by Royal Oak Mines near the mine during the last few years of mining operations resulted in the discovery of several areas of significant gold mineralization. Since the closure of mining operations in 1997, little or no exploration has been carried out for gold in the area.

The Company is planning an aggressive and extensive exploration program, and has begun an extensive regional compilation of the entire belt which will incorporate all existing drill holes, mine workings, geology and assay results of the mine area.

To date, all existing drill holes have been compiled and a 3d model of the mine area has been completed. Several high priority targets have been identified. The focus of early summer exploration and drilling programs will be to focus on these target areas, including the 240 Zone, which is located approximately 1.0 km southwest of the Hope Brook Deposit. Historical drill intersections on the 240 Zone include 5.43 gpt Au over 15 meters (CE-383A), 7.08 gpt Au over 5.8 meters (CE-240) and 3.88 gpt Au over 41 meters incl. 5.82 gpt Au over 12.0 meters (CE-246). A large 20 man camp is currently being permitted and this summer's work plans are moving forward rapidly. Subsequent to the period ended March 31, 2008, the Company announced that it had completed a large geophysical airborne survey on the property and plans to follow up with ground exploration programs including geological mapping, prospecting and diamond drilling are underway.

SWAYZE JOINT VENTURE (HEENAN, TOOMS, KENOGAMING TOWNSHIPS)

During the period, the Company announced that they have entered into a Joint Venture agreement with Pacific North West Capital Corp. to undertake exploration on the Swayze Nickel Project. The Swayze Joint Venture Project is situated in the Swayze Greenstone Belt, approximately 100km south-west of Timmins, Ontario and incorporates some fifty townships. The Swayze Greenstone Belt represents the western extension of the Abitibi Greenstone Belt, which is the host to numerous ultramafic-hosted Ni deposits including the producing Redstone Mine (Liberty) south of Timmins as well as the newly discovered Golden Chalice Occurrence.

The Swayze Joint Venture Project was initiated by both companies to include each of their property holdings within the project area. These holdings will continue to grow through the staking and optioning of selected properties that have the potential to host nickel, copper, and PGM mineralization within the belt. Exploration programs will be designed to identify and test priority areas within the project boundaries. The Swayze is underlain in several areas by ultramafic flows and intrusions, some of which host historical nickel showings including the Joint Ventures' Tooms Showing which has historically reported 2.5% Ni over 1.6m within a drill intersection of 0.63% Ni over 7.3 metres.

Benton Resources and Pacific North West Capital have entered into a 50% - 50% Joint Venture Agreement whereby both Companies agree to bear all expenditures and participate in a single purpose unincorporated Joint Venture for the purpose of carrying out all mineral exploration for a three year period, totaling a minimum of \$1,200,000.

Benton will act as Operator for the project and will be responsible for carrying out all exploration activities.

The Company plans to conduct an airborne VTEM survey in mid May, with ground follow-up work planned for the summer. Work programs including prospecting and mapping will also be completed in early summer on the Heenan and Kenogaming properties.

PORTAGE LAKE JOINT VENTURE

During the period, the company entered into an option agreement to acquire 70% of the Portage Lake Nickel-Copper-Cobalt (Ni-Cu-Co) property located in Central Newfoundland. The property consists of seven unpatented mining licenses totaling 593 units. The project is Joint Ventured with Golden Dory Resources (GDR) which has an option to acquire the remaining 30% interest and which will be funding 30% of exploration costs. To earn its 70% interest Benton will make payments totaling \$87,000 in cash and issue to the vendors 136,000 shares over 3 years. The property is also subject to a 2% NSR payable to the vendors of which Benton and GDR can buy back 1% for 1 million dollars. The property is host to several newly discovered Cu-Ni-Co showings that lie within a large mafic intrusion which has been recently identified and mapped by the Newfoundland government.

Benton believes the property geology is highly favourable for nickel-copper mineralization and is currently organizing an airborne survey to look for conductive bodies within the large intrusion. The ground work will follow as soon as weather permits to delineate diamond drill targets.

OTHER PROPERTIES

The Company has several early stage projects which include, Delta Property, RIM Property, Rex Lake property, Swayze JV Properties (Tooms Property, Heenan Property, Kenogaming Property), Cheeseman Lake Property, Whitton Lake Property, Gem Property, Pikitigushi Property, Linklater Lake Property, Blackett Lake Property, Edar Lake Property, Portage Lake JV Property and other miscellaneous projects.

DROPPED PROPERTIES

The Company is not planning to complete further exploration on Bottle Bay Property, Mainville Property, and Uchi Lake Property at this time. The projects may lapse as a result.

MINERAL PROPERTIES AND DEFERRED DEVELOPMENT EXPENDITURES

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production or written-down if the properties are allowed to lapse, are impaired or are abandoned. The deferred cost associated with each property is as follows:

| <u>For the nine months ended March 31, 2008</u> | <u>Opening balance</u> | <u>Expenditures</u> | <u>Recoveries and write downs</u> | <u>Ending balance</u> |
|--|------------------------|---------------------|-----------------------------------|-----------------------|
| Bermuda/Bamoos/Claw Lake/Four Dams Copper PGE Property | 4,473,618 | 1,383,088 | - | 5,856,706 |
| Bermuda West (Redstone) | - | 73,579 | - | 73,579 |
| Saganaga Lake Property | 266,368 | 46,831 | - | 313,199 |
| Nipigon Uranium Property | 83,302 | 66 | - | 83,368 |
| Flying Loon Property | 611,644 | 1,300 | - | 612,944 |
| Goodchild and South Goodchild Property | 220,196 | 519,706 | - | 739,902 |
| Armit Lake Property | 361,048 | 451,828 | - | 812,876 |
| Kingurutik Lake Nickel Property | 395,294 | 304,424 | (106,614) | 593,104 |
| Q-9 Gold Property | 37,200 | 40,131 | - | 77,331 |
| Sibley Basin Property | 37,022 | 341,230 | (366,281) | 11,971 |
| Bark Lake Property | - | 473,790 | - | 473,790 |
| Hope Brook Property | - | 233,435 | - | 233,435 |
| Other Properties | 126,015 | 554,533 | (65,615) | 614,933 |
| Total | \$6,611,707 | \$4,423,941 | \$(538,510) | \$10,497,138 |

SELECTED ANNUAL FINANCIAL INFORMATION

| Description | Nine months ended March 31, 2008 \$ | Year ended June 30, 2007 \$ | Year ended June 30, 2006 \$ |
|---|--|-----------------------------------|-----------------------------------|
| Operating expenses | 1,639,799 | 1,706,384 | 858,443 |
| Interest income | 409,001 | 45,534 | 14,724 |
| Investment income | 329,504 | - | - |
| Write down of mineral properties | - | 34,532 | 209,588 |
| Net loss | 872,996 | 1,668,309 | 977,607 |
| Net loss per share – basic (1) (2) | 0.01 | 0.05 | 0.05 |
| Cumulative mineral properties and deferred development expenditures | 10,497,138 | 6,611,707 | 3,652,590 |
| Total assets | 31,563,978 | 13,647,441 | 4,312,411 |

- (1) Basic per share calculations are made using the weighted-average number of shares outstanding during the year.
- (2) Loss per share on a diluted basis is the same as the basic calculation per share as all factors are anti-dilutive.

SUMMARY OF QUARTERLY RESULTS

| Three Month Period Ending | Net Loss \$ | Net Loss per Share Basic and Diluted (1) (2) \$ |
|---------------------------|----------------|---|
| March 31, 2008 | 325,485 | 0.01 |
| December 31, 2007 | 206,804 | 0.01 |
| September 30, 2007 | 340,707 | 0.01 |
| June 30, 2007 | 586,547 | 0.01 |
| March 31, 2007 | 615,763 | 0.02 |
| December 31, 2006 | 279,296 | 0.01 |
| September 30, 2006 | 186,703 | 0.01 |
| June 30, 2006 | 334,917 | 0.01 |
| March 31, 2006 | 367,273 | 0.02 |
| December 31, 2005 | 199,046 | 0.01 |

- (1) Basic loss per share calculations are made using the weighted-average number of shares outstanding during the period.
- (2) Loss per share on a diluted basis is the same as the basic calculation per share as all factors are anti-dilutive.

In the third quarter of 2008, the Company's cash on hand decreased by \$4,937,162 to \$1,766,623 at March 31, 2008 as compared to \$6,703,785 as at June 30, 2007. The decrease in cash on hand is attributed to the increase of mineral property and deferred development expenditures and an increase in general and administrative expenses. Temporary investments increased from \$nil at June 30, 2007 to \$18,441,787 at March 31, 2008. This increase is attributable to the Company's investment of the private placement proceeds into fixed income temporary investments. Accounts receivable increased from \$316,466 at June 30, 2007 to \$616,538 at March 31, 2008 mainly due to decreased activity levels at or around the end of the period that were not yet paid for including accrued interest receivable and GST receivables. Mineral

properties increased from \$6,611,707 at June 30, 2007 to \$10,497,138 at March 31, 2008 due mainly to exploration activities at the Bermuda, Kingurutik Lake, Goodchild and South Goodchild, Armit Lake, Bark Lake, Hope Brook, and Sibley Basin properties. As a result of the exercise of various share purchase warrants and the above mentioned private placement, share capital increased from \$13,834,676 at June 30, 2007 to \$26,783,508 at March 31, 2008.

TRANSACTIONS WITH RELATED PARTIES

The Company paid or accrued the following amounts to related parties during the three months ended March 31, 2008 and March 31, 2007:

| Payee | Description of Relationship | Nature of Transaction | 2008 Amount (\$) (Unaudited) | 2007 Amount(\$) (Unaudited) |
|--------------------------------------|---|--|------------------------------------|-----------------------------------|
| Stares Contracting Corp. | Company controlled by Stephen Stares, Director and Officer and Michael Stares, Director | Payments for equipment rentals, supply of labour and reimbursement of expenses capitalized in deferred development expenditures and for office costs included in general and administrative expenses | 818,596 | 487,397 |
| Clint Barr, Michael & Stephen Stares | Directors and Officers | Payment of salaries, reimbursement of expenses capitalized in deferred development expenditures and for promotional activities included in advertising and promotion expenses | 89,016 | 29,437 |
| Barr Geological Consulting | Company controlled by Clinton Barr, Director and Officer | Payments for geological services, equipment rentals and reimbursement of expenses capitalized in deferred development expenditures and for promotional activities included in advertising and promotion expenses | 88,964 | 102,984 |
| Gordon J. Fretwell Law Corporation | Company controlled by Gordon Fretwell, Director and Officer | Legal fees charged/accrued during the period | 110,920 | 84,666 |
| Newfie Shores | Partnership controlled by Stephen Stares, Director and Officer and Michael Stares, Director | Payments for cabin rentals capitalized in deferred development expenditures | 11,275 | - |
| Cindy Stares | Spouse of Stephen Stares, Director and Officer | Bookkeeping services | 10,704 | - |
| Stares Prospecting | Company controlled by Alexander Stares, Brother of Stephen and Michael Stares | Prospecting services | 94,160 | - |

The purchases from and fees charged by the related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During fiscal year 2007, the Company entered into an option agreement with Stares Contracting Corp. to acquire a 100% interest in the Q-9 Gold Property (note 5(h)). The transaction was recorded at the exchange amount, which is the amount established and agreed to by the related parties.

During the year ended June 30, 2007, the Company entered into a Joint Venture agreement with a company which a director of the Company is also on the Board of Directors of the Joint Venture Company (note 5 (i)).

During the period, the Company paid a finder's fee to Alexander Stares, brother of Stephen and Michael Stares, Directors, for being introduced to the Hope Brook property project. The finder's fee consisted of 25,000 shares and 25,000 share purchase warrants exercisable for 24 months at a price of \$1.00.

Included in accounts payable and accrued liabilities is \$nil (March 31, 2007 - \$10,600) to Barr Geological Consulting, \$6,818 (March 31, 2007 - \$nil) to Clint Barr, \$8,911 (March 31, 2007- \$4,500) to Gordon J. Fretwell Law Corporation, \$63,019 (March 31, 2007 - \$13,674) to Stares Contracting Corp., \$nil (March 31, 2007 - \$103) to Stephen Stares and \$nil (March 31, 2007 - \$nil) to Stares Prospecting. The repayment terms are similar to the repayment terms of non-related party trade payables.

SHARE DATA

As at May 29, 2008, the Company has 67,612,959 common shares issued and outstanding, as well as: (a) stock options to purchase an aggregate of 7,876,250 common shares expiring at various dates between October 18, 2007 and May 12, 2013 and exercisable at various prices between \$0.30 and \$1.18 per share; and, (b) share purchase warrants to purchase an aggregate of 11,703,757 common shares expiring at various dates between October 12, 2007 and April 17, 2009 and exercisable at various prices between \$0.40 and \$1.60 per share. For additional details of share data, please refer to note 7 of the March 31, 2008 interim financial statements.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts and other receivables and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

LIQUIDITY AND CAPITAL RESOURCES

The Company has a net working capital as at March 31, 2008 of \$20,057,980 (\$6,702,541 as at June 30, 2007) and cash on hand of \$1,766,623 (\$6,703,785 as at June 30, 2007).

During the nine months ended March 31, 2008, the Company issued, pursuant to a private placement, 1,290,322 common shares for gross proceeds of \$1,600,000 as well as a \$15,001,500 bought deal private placement. The private placement consisted of 9,600,000 units at \$1.25 each, with each unit consisting of one common share and one common share purchase warrant, each warrant entitling the holder to acquire one common share at a price of \$1.60 for a period of eighteen months from the closing date. In addition, the Company issued 2,070,000 flow through shares at \$1.45 each.

The Company anticipates that the continued sale of Flow Through shares/warrants should enable it to maintain exploration activities on its mineral properties. However, there can be no assurance that these activities will be sufficient to enable the Company to carry on its planned activities.

CRITICAL ACCOUNTING ESTIMATES

A detailed summary of all of the Company's significant accounting policies is included in Note 2 to the June 30, 2007 audited financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not participated in any off-balance sheet or income statement arrangements.

CHANGES IN ACCOUNTING STANDARDS NOT YET ADOPTED

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 GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly accountable enterprises to use IFRS, replacing Canada’s own GAAP. The transition date is for interim and annual financial statements relating to fiscal year’s beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably determined at this time.

RISKS AND UNCERTAINTIES

Nature of Mineral Exploration and Mining

At the present time, the Company does not hold any interest in a mining property in production. The Company’s viability and potential success lie in its ability to discover, develop, exploit and generate revenue out of mineral deposits. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on exploration properties in which the Company has an interest will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of the Company may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Company has interests. Hazards, such as unusual or unexpected formation, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

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

Fluctuating Prices

Factors beyond the control of the Company may affect the marketability of any copper, nickel, gold, platinum or any other minerals discovered. Resource prices have fluctuated widely and are affected by numerous factors beyond the Company's control. The effect of these factors cannot accurately be predicted.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

Financing Risks

The Company has limited financial resources and no current revenues. There is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, 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 favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company with the possible dilution or loss of such interests.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. The Corporation believes that it presently holds all necessary licenses and permits required to carry on with activities which it is currently conducting under applicable laws and regulations and the Company believes it is presently complying in all material respects with the terms of such laws and regulations. However, such laws and regulations are subject to change. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its projects.

No Assurance of Titles

The acquisition of title to mineral projects is a very detailed and time consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interest of the Company in any of its properties may not be challenged or impugned.

Environmental Regulations

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploration and mining operations, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies

and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interest of the Company. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director is required by the *Business Corporations Act* (Ontario) to disclose the conflict of interest and to abstain from voting on the matter.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Dependence on Key Personnel

The Company is dependent on a relatively small number of key people, the loss of any of whom could have an adverse effect on its operations. Any key person insurance which the Company may have on these individuals may not adequately compensate for the loss of the value of their services.

EFFECTIVENESS OF DISCLOSURE CONTROLS

The Chief Executive Officer, Chief Operating Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2007. They have concluded that the Company's disclosure controls and procedures were effective to provide reasonable assurance that all material financial information relating to the Company was made known to them by others within the Company in order for them to complete their analysis and review of the financial position and results of the Company, particularly during the period in which the annual filings are being prepared.

This evaluation of the design of internal controls over financial reporting for the Company resulted in the identification of internal control deficiencies which are not atypical for a company of this size including lack of segregation of duties due to a limited number of employees dealing with accounting and financial matters and insufficient in-house expertise to deal with complex accounting, reporting and taxation issues.

The MD&A was reviewed and approved by the Audit Committee and Board of Directors and is effective as of May 29, 2008.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.