

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the Three Months Ended March 31, 2010

This management's discussion and analysis ("MD&A") of Pacific Ridge Exploration Ltd. ("Pacific Ridge" or the "Company") is dated May 28, 2010 and provides an analysis of Pacific Ridge's financial results for the three months ended March 31, 2010 ("2010") compared to the previous period ended March 31, 2009 ("2009").

The following information should be read in conjunction with the Company's unaudited financial statements for the period ended March 31, 2010 and the related notes thereto. The significant accounting policies and accounting changes are outlined in Notes 2 & 3 of the 2009 year end audited financial statements. The Company reports its financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts contained herein are in Canadian dollars.

The Company's shares are listed on the TSX Venture Exchange under the symbol "PEX". Additional information related to Pacific Ridge is available on the Company's website at www.pacificridgeexploration.com or on SEDAR at www.sedar.com.

Pacific Ridge's disclosure of a technical or scientific nature has been reviewed by George Norman, *P.Geo., Qualified Person under the definition of National Instrument 43-101*.

Overall Performance

As at March 31, 2010, the Company had cash and cash equivalents of \$851,538 (\$447,153 related to flow-through) as compared to \$964,714 (\$503,080 related to flow-through) at period ended December 31, 2009. Other than trade payables, the Company has no debt or long-term debt obligations.

The Company earns no income from operations and any significant improvement in working capital depends principally upon the issuance of share capital. Although the current financial markets have showed significant improvement over the last 12 months, opportunity for the raising of equity capital as well as other avenues for obtaining mineral exploration financing remains challenging for most "small cap" mineral exploration companies. As well, although most metals commodity prices have also recently made recoveries, and in particular gold which is now seeing historic high prices, longer term positive pricing trends are still viewed with caution.

As a result, the Company may experience difficulties in future equity financing for the purposes of mineral exploration. Accordingly the Company will continue to investigate opportunities for joint venture of many of its projects in order to preserve cash for application to lower cost exploration of its newly acquired properties as well as for additional property acquisitions of merit. Apart from the above factors and the risk factors under the section "Risks and Uncertainties", management is not aware of any other trends, commitments, events or uncertainties that could have a material effect on the Company's business, financial condition or results of operations.

Results of Operations

The Company has not yet determined whether any of its exploration properties contain mineral reserves that are economically recoverable. All direct costs associated with the exploration of these properties have been expensed as incurred. During the period ended March 31, 2010, the Company had a net loss of \$185,200, or \$0.01 loss per share, as compared to net loss of \$43,729 in 2009. The difference was mainly due

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to \$756,200 flow-through renunciation made in March 2010 (2009 - \$370,000) and stock-based compensation expense for 1,530,000 stock options granted in January 2010 (2009 – nil). A summary of comparative administrative and other expenses is listed below:

	2010	2009	Increase (decrease)
Exploration expenditures	\$ 68,212	\$ 33,952	\$ 34,260
Administrative expenses			
Consulting	-	995	(995)
Insurance	15,915	14,548	1,367
Legal and audit	3,825	11,203	(7,378)
Management and administrative services	25,064	34,850	(9,786)
Office operations and facilities	31,357	30,930	427
Shareholder communications and investor relations	22,798	14,608	8,190
Transfer agent and regulatory fees	6,839	7,624	(785)
	<u>105,798</u>	<u>114,758</u>	<u>(8,960)</u>
Other expenses and (income)			
Interest income	2,859	(6,016)	8,875
Amortization	787	1,125	(338)
Stock-based compensation	196,594	12,760	183,834
Future income tax recovery	(189,050)	(112,850)	(76,200)
	<u>11,190</u>	<u>(104,981)</u>	<u>116,171</u>
Total expenditures and expenses	<u>\$ 185,200</u>	<u>\$ 43,729</u>	<u>\$ 141,471</u>

Consulting fees reduced by \$995 reflecting the less involvement of the VP Exploration in corporate matters over the period.

Legal and audit fees reduced by \$7,378 from \$11,203 in 2009 to \$3,825 in 2010. The higher legal costs in 2009 were mainly attributed to the acquisition of a 40% interest in the Baker Basin property, initiation of the Aurora option agreement and filing of Canadian corporate tax returns.

Management and administrative services reduced by \$9,786 reflecting the lower costs of accounting service provided by Manex Resources Group ("Manex") after the first year in 2009.

Shareholder communications and investor relations increased by \$8,190 as a result of increased IR activities in 2010.

Interest income decreased by \$8,875 reflecting lower interest rates and interest accrued on the unspent flow-through funds in 2010.

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Mineral Projects Updates

As of March 31, 2010, total expensed exploration expenditures for each property are summarized as follows:

	Balance March 31, 2010	Additions Q1	Balance December 31, 2009
Baker Basin	\$ 6,400,010	\$ 634	\$ 6,399,376
Fyre Lake	6,629,509	400	6,629,109
Tumbler Ridge	387,313	1,028	386,285
Wapiti	79,737	-	79,737
Klondike Kate	-		
GoldCAP	76,727	9,519	67,208
Eureka/Moose	48,218	14,611	33,607
Polar/Stewart	66,842	10,695	56,147
Mariposa	69,825	22,957	46,868
	261,612	57,782	203,830
Total	\$ 13,758,181	\$ 59,844	\$ 13,698,337

Klondike Kate Gold Project

The company will commence a second year of gold exploration on its Klondike Kate project comprised of 4 properties held within the Yukon's South Klondike region. Exploration interest was first seen in the region in late 2008 after reports of Underworld Resource's White Gold discovery. Recently, Underworld accepted a takeover offer from Kinross valued at approximately C\$118 million for acquisition of its 1.4 million ounce White Gold deposit. With a major gold company now in the South Klondike, coupled with 30 junior exploration companies reporting activity, additional gold discovery is anticipated.

Pacific Ridge acquired its South Klondike holdings in 2009 through a combination of the company's principals having prior exploration experience and historic exploration data in the region as well as contacts with Yukon prospectors.

Pacific Ridge, encouraged by its 2009 exploration results and overall discovery success reported in the South Klondike plans an initial exploration expenditure of \$1.3 million for its Mariposa, Gold Cap, Polar/Stewart and Eureka Dome properties.

Mariposa, comprised of 246 mineral claims, covering 50 square kilometers is located 50 kilometers southeast of White Gold. Pacific Ridge holds an option to earn a 100%, interest subject to a 2% royalty, from the Tintina Syndicate. The Pacific Ridge 2009 exploration program included prospecting, historic data compilation, geologic mapping and initial soils geochemical surveys. Mariposa covers a 14 kilometer length of geological and aeromagnetic signatures bearing similarities to the White Gold and Kaminak's Coffee Creek discovery.

Mariposa has seen a 100-year history of placer gold mining, which in one area, has produced "hackly" nuggets suggesting proximity to potential lode gold sources. The property contains a 7- kilometer (open ended) zone of quartz mica schist rocks hosting sulphide mineralization with grab samples assaying to 3 grams/tonne gold. Yet to be more fully defined this season, geochemical anomalies in soils range from 20 ppb to 1300 ppb gold.

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The Company has the option to earn a 100 percent interest in the Mariposa property by making initial payments of \$20,000 and 250,000 shares and over the next five years making additional payments in the aggregate amount of \$120,000 and two million shares as well as conducting minimum exploration expenditures of \$600,000. The vendors will be entitled to receive an additional one million shares upon a production notice having been made plus an additional one million shares upon commencement of commercial production. The vendors will also receive a 2 percent net smelter royalty from production, of which 1 percent can be purchased by the Company for \$ 1 million.

The 2010 exploration program, budgeted at \$1.0 million, will include expanding geochemical sampling grids to delineate the ultimate dimensions of gold anomalies. Trenching will then be directed to expose bedrock and the facilitation of sampling. Drilling of selected gold targets is proposed during the later part of the season.

The 56 claim, **Gold Cap** property covers 12 square kilometers and adjoins the northeast boundary of the Underworld -White Gold property. Gold Cap is 100 percent owned and was staked by Pacific Ridge on the basis of an anomalous gold silt sample reported by the Geological Survey of Canada. The Pacific Ridge 2009 exploration program saw soil sampling within a 2 by 4 kilometer grid, flanking an aeromagnetic anomaly. An open ended gold, nickel, arsenic anomaly includes gold in soils ranging to 290 ppb gold, indicating stronger values building toward its open-ended northerly trend. .

The 2010 exploration program, budgeted at \$ 100,000, will extend the geochemical survey 3 kilometers to the northwest. Trenching will be contingent on additional geochemical results.

Polar/ Stewart, consisting of 149 mineral claims, covers 31 square kilometers adjoining Gold Cap to the west and claims held by Underworld to the south. Pacific Ridge holds an option to earn a 100% interest in the property which was acquired on the basis of favorable geology, an aeromagnetic anomaly and reconnaissance soil sampling yielding gold values reaching 634 ppb gold.

The principal terms of the option agreement with Ryanwood (prospector Shawn Ryan), for which regulatory approval was obtained, include a cash payment of \$75,000 (paid) and 250,000 post consolidation common shares of the Company (paid). The Company has the option to earn a 100-per-cent interest in the property on or before June 30, 2013, by making staged cash payments totaling \$300,000, share issuances totaling 1.25 million shares and exploration expenditures in the aggregate amount of \$1.5-million. Ryanwood will retain a 2-per-cent net smelter return interest that requires advance royalty payments in the amount of \$25,000 per year commencing June 30, 2014. At the option of the Company, the net smelter return interest may be reduced to 1 per cent upon making a \$2.0-million payment to Ryanwood.

The proposed 2010 exploration program, budgeted at \$100,000 will include grid controlled geochemical soil sampling followed by trenching where warranted.

Eureka Dome (Eureka/Moose), 100% owned by Pacific Ridge with the 156 Eureka and Moose claims covers 33 square kilometers. Eureka Dome can be partially accessed by road and joins the eastern boundary of claims held under option by Golden Predator.

Notable are placer gold occurrences reported in most creeks draining the property coupled with geochemical anomalies indicating the presence of a high level epithermal style alteration system. Anomalous arsenic (3000 ppb) and mercury (17 ppm) occur within silicified and brecciated rocks. Prior

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workers reported breccia float samples grading to 14 grams gold, and silt samples running to 900 ppb on immediately adjacent properties,

The proposed 2010 exploration program, budgeted at \$100,000, will include geochemical sampling within a by 4 kilometer grid covering the anomalous areas of brecciated rocks to then be followed by trenching and sampling.

Baker Basin Uranium Project

The Baker Basin Uranium Project located in southwestern Nunavut consists of mineral claims covering approximately 97,000 hectares prospective for uranium occurrences along a 60 kilometer length of the southern boundary of the Baker Lake basin. The geologically-defined Baker Lake basin is one of four Canadian Proterozoic basins that are attractive depositional environments for large uranium deposits.

The Company owns a 100% interest in the Baker Basin Project subject to an underlying agreement with Kivalliq Energy ("Kivalliq") wherein Kivalliq has the option to back in to a 20% working interest when a prefeasibility study may be produced. In addition underlying interests are held by Hunter Exploration Group as to a 2% NSR interest, as well as by Shear Minerals Ltd/Stornoway Diamond Corporation who collectively hold an 8.5% Net Profits Interest. The Company's ownership of the Baker Basin Project pertains to all commodities other than diamonds.

In September, 2008 the Company entered into an option/joint venture agreement with Aurora Energy Resources Inc. ("Aurora"). In late 2009 Aurora advised that, upon completion of land use requirements, they will relinquish their option on the Baker Basin Project.

Fyre Lake Massive Sulphide Project

Thhe the Company continues to hold a 100% interest in 170 mineral claims comprising the Fyre Lake Project in the Yukon. In prior years the Company expended approximately \$6.0 million on an extensive program of diamond drilling that resulted in definition of an NI 43-101 compliant mineral resource estimated to contain 3.6 million tonnes grading 1.57% copper, 0.10% cobalt and 0.61 grams gold per tonne at a 1.0% copper cut-off plus an inferred mineral resource of 5.4 million tonnes grading 1.5% copper 0.08% cobalt and 0.53 grams gold per tonne. The resource remains open for expansion. The Company is seeking an option/joint venture partner to fund further exploration. Otgher than maintaining key mineral claims in good standing, no work is planned by the Company during 2010.

Tumbler Ridge and Wapiti Phosphate Projects

The Tumbler Phosphate project, located in east central British Columbia consists of a 100% interest in two staked groups encompassing 119 mineral claims covering a cumulative 127-kilometre-length (approximately 500 square kilometers) of favorable geology for the hosting of sedimentary phosphate deposits. A portion of which holding includes claims comprising the Wapiti Project, held under option from Lateegra Gold Corp. Pacific Ridge plans no further work at Tumbler Ridge.

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Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ending with March 31, 2010.

	March 31,	December 31,	September 30,	June 30,
	2010	2009	2009	2009
Total revenue	\$ -	\$ -	\$ -	\$ -
Interest income	(2,859)	3,476	4,736	6,084
Administration expenses	(106,585)	(115,937)	(91,990)	(99,806)
Exploration costs	(68,212)	(100,951)	(236,099)	(59,686)
Stock-based compensation	(196,594)	(13,001)	(2,896)	(2,863)
BC Mining Tax Credit	-	25,274	-	-
Future income tax recovery	189,050	-	-	-
Net loss for the period	(185,200)	(201,139)	(326,249)	(156,271)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)

	March 31,	December 31,	September 30,	June 30,
	2009	2008	2008	2008
		(Restated)	(Restated)	(Restated)
Total revenue	\$ -	\$ -	\$ -	\$ -
Interest income	6,016	4,551	4,786	15,662
Administration expenses	(114,473)	(107,466)	(175,381)	(130,344)
Exploration costs	(35,362)	(36,689)	(2,987)	(2,562)
Stock-based compensation	(12,760)	(31,668)	(13,527)	(13,526)
Write-off of mineral properties	-	(1,385,096)	-	-
Future income tax recovery	112,850	-	-	-
Net loss for the period	(43,729)	(1,556,368)	(187,109)	(130,770)
Basic and diluted loss per share (restated)	\$ (0.00)	\$ (0.08)	\$ (0.01)	\$ (0.01)

Liquidity and Capital Resources

The Company is dependent on raising funds by the issuance of shares or subsequent disposition of interests in mineral properties it may acquire (by option, joint ventures or sales) in order to finance further acquisitions, undertake exploration of other mineral properties and meet general and administrative expenses in the immediate and long term.

As at March 31, 2010, the company had working capital of \$760,160 (December 31, 2009 - \$937,029). During the period ended March 31, 2010, the Company experienced a negative cash flow of \$113,176 (2009 - \$133,614) from operating activities, incurred \$nil (2009 - \$20,327) on mineral acquisition costs, and no funds were raised in this period.

Encouraged by its 2009 exploration results, the Company budgets a \$1.3 million exploration program on its Klondike Kate project in 2010. To complete this gold exploration program, it is required that the Company to obtain necessary financing. While the Company has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Off-Balance Sheet Arrangements

None

Related Party Transactions

Please refer to the Note 6 in the unaudited financial statements for the period ended March 31, 2010. These transactions are in the normal course of operations.

Proposed Transactions

There are no new acquisitions contemplated as at the date of this report.

International Financial Reporting Standard ("IFRS")

In February 2009, the Canadian Accounting Standards Board ("AcSB") confirmed the mandatory changeover date to IFRS for Canadian profit-oriented publicly accountable enterprises such as Pacific Ridge. The date of first reporting under IFRS is for interim and annual financial statements relating to fiscal years 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 December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The Company is completing a preliminary diagnostic and developing an IFRS conversion implementation plan, which includes a detailed assessment of the impact of the conversion on the financial statements and related disclosures. The plan also considers the impact of the conversion on the Company's information

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technology systems, internal controls over financial reporting, performance measurement systems, disclosure controls and procedures and other business activities that may be influenced by GAAP measurements.

The Company has completed an analysis of the significant IFRS - Canadian GAAP differences with respect to the Company's financial statements and disclosures. The Company will quantify the potential effect of these differences as part of the conversion implementation plan. Certain key members of the accounting department of the Company have been attending in-depth training sessions regarding IFRS - Canadian GAAP differences with a particular focus on how they apply to entities in the mining industry.

Financial Instruments

Accounts receivable, accounts payable and accrued liabilities and amounts due to related parties are reported at amounts paid or received, which are reasonable estimates of fair value due the relative short time period to maturity. The Company has no exposure to asset backed commercial paper.

Outstanding Share Data

As at May 28, 2010, the Company had 25,972,576 common shares issued and outstanding, 1,530,000 options were outstanding and exercisable at an exercise price of \$0.20, and 2,237,501 warrants were outstanding at an exercise price of \$0.25.

Disclosure Controls and Procedures

Current securities policies in Canada require that management of the Company certifies that it has assessed the effectiveness of the Company's disclosure controls and procedures at period ends. Management has concluded that the disclosure controls as at March 31, 2010 were effective in ensuring that all material information required to be filed had been provided to it in a timely manner, and that the information was recorded, processed and reported within the time period necessary to prepare the filings.

The Company continues to review and assess its internal control over financial reporting. There were no significant changes made to internal controls over financial reporting during the period ended March 31, 2010.

Forward Looking Statements

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, which address future production, reserve potential, exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include

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market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance, that the Company expressly disclaims any responsibility for revising or expanding the forward-looking statements to reflect actual results or developments, and that actual results or developments may differ materially from those projected, in the forward-looking statements.

Risk Factors

The Company is subject to a number of risks due to the nature of its business and the present stage of explorations. The following factors should be considered:

Mineral Exploration and Development

The Company's properties are in the exploration stage and are without a known body of commercial ore. Development of any of the Company's properties will only follow upon obtaining satisfactory exploration results. Mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in the discovery of a body of commercial ore on any of its properties. Several years may pass between the discovery and the development of commercial mineable mineralized deposits. Most exploration projects do not result in the discovery of commercially mineralized deposits.

Trends

The Company's financial success is dependent upon the discovery of properties which could be economically viable to develop. Such development could take years to complete and the resulting income, if any, is difficult to determine. The sales value of any mineralization discovered by the company is largely dependent upon factors beyond the Company's control, such as market value of the products produced. Other than as disclosed herein, the company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Company's results or financial position.

Operating Hazards and Risks

Mineral exploration involves many risks. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, land slides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the operation of mines and the conduct of exploration programs. Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in any of which events the Company could incur significant costs that could have a material adverse effect upon its financial condition.

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Economics of Developing Mineral Properties

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract metal from ore and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operation or that the funds required for development can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Environmental Factors

The Company conducts exploration activities in various parts of Canada and has previously conducted exploration activity within the United States. Such activities are subject to various laws, rules and regulations governing the protection of the environment, including, in some cases, posting of reclamation bonds. Extensive environmental legislation has been enacted in Canada by federal, provincial and territorial governments and in the United States by federal and state governments. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards may exist on the Company's properties, which hazards are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties. The Company is not aware of any environmental hazards on any of the properties held or formerly worked by the Company. The approval of new mines in Canada is subject to detailed review through a clearly established public hearing process, pursuant to both the Federal Canadian Environmental Assessment Act and the provincial Environmental Review Agencies. The approval of new mines in the United States is subject to detailed review through a clearly established public hearing process, pursuant to both the Federal Environmental Protection Agency and the Bureau of Land Management. In addition, lands under federal jurisdiction are subject to the preparation of an environmental impact assessment report prior to commencement of any mining operations. These reports entail a detailed and scientific assessment as well as a prediction of the impact on the environmental and proposed development. Further, under such review process, there is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all. Failure to comply with the legislation may have serious consequences. Orders may be issued requiring operations to cease or be curtailed or requiring installation of additional facilities or equipment. Violators may be required to compensate those suffering loss or damage by reason of its mining activities and may be fined if convicted of an offense under such legislation.

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Canadian provincial and the United States state mining legislation establishes requirements for the decommissioning, reclamation and rehabilitation of mining properties in a state of temporary or permanent closure. Such closure requirements relate to the protection and restoration of the environment and the protection of the public safety. Some former mining properties must be managed for long periods of time following closure in order to fulfill closure requirements. The costs of closure of mining properties, and, in particular, the cost of long term management of mining properties can be substantial. The Company intends to progressively rehabilitate its mining properties during their period of operation, should any properties become operational, so as to reduce the cost of fulfilling closure requirements after the termination or suspension of production.

The Company has adopted environmental practices designed to ensure that it continues to comply with or exceeds all environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation. The Company is currently engaged in exploration with nil to minimal environmental impact.

Title

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties. Before a number of claims under option can be recorded in the Company's name, the underlying title holder has to assign title to the Company once the Company satisfies its option agreement obligations. There are no assurances that the underlying title holder will assign title. Land may be transferred by the State to businesses and citizens for possession and use based on leases.

Canadian Aboriginal Land Claims

Canadian Aboriginal rights may be claimed on properties or other types of tenure with respect to which mining rights have been conferred. The Company is aware of the mutual benefits afforded by cooperative relationships with indigenous people in conducting exploration activity and is generally supportive of measures established to achieve such cooperation. While there is, to the Company's knowledge, no existing claim in respect of any of its properties, the advent of any future aboriginal land claims and the outcome of any aboriginal land claims negotiations cannot be predicted.

Competition and Agreements with Other Parties

The Company competes with other mining companies for the acquisition of mineral claims and other mining interests as well as for the recruitment and retention of qualified employees and contractors. There is significant and increasing competition for a limited number of resource acquisition opportunities and as a result, the Company may be unable to acquire attractive mining properties on terms it considers acceptable. The Company competes with many other companies that have substantially greater financial resources than the Company. The Company may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

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Governmental Regulation

Operations, development and exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. Changes in such regulation could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted.

The Company is at the exploration stage on all of its properties. Exploration on the Company's properties requires responsible best exploration practices to comply with Company policy, government regulations, and maintenance of claims and tenure. The Company is required to be registered to do business and have a valid prospecting license (required to prospect or explore for minerals on Crown Mineral land or to stake a claim) in any Canadian province in which it is carrying out work. Mineral exploration primarily falls under provincial or state jurisdiction. However, the Company is also required to follow the regulations pertaining to the mineral exploration industry that fall under federal jurisdictions, such as the Fish and Wildlife Act in Canada and the Environmental Protection Agency in the United States.

If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters. In addition, new laws or regulations governing operations and activities of mining companies could have a material adverse impact on any project in the mine development stage that the Company may possess.

Metals Prices

The Company's revenues, if any, are expected to be in large part derived from the discovery of mineral properties and the sale of minerals contained or interests related thereto. The price of those commodities has fluctuated widely, particularly in 2008, and is affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of metal substitutes, metal stock levels maintained by producers and other and inventory carrying costs. The effect of these factors on the price of base and precious metals, and therefore the economic viability of the Company's operations, cannot accurately be predicted.

Management and Directors

The Company is dependent on a relatively small number of key directors and officers: John S. Brock (President and CEO), Lei Wang (CFO), and Arie Page. (Corporate Secretary) Loss of any one of those persons could have an adverse affect on the Company. The Company does not maintain "key-man" insurance in respect of any of its management.

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Conflicts of Interest

Certain of the Directors and Officers of the Company are also in their personal capacities, or as Directors or Officers of other companies, engaged in mineral exploration and development. Accordingly, exploration opportunities or prospects of which they become aware may not necessarily be made available to the Company. The Directors and Officers intend to allocate opportunities or prospects from time to time on the basis of prudent business judgment. The Directors are required by law to act honestly and in good faith with a view to the best interest of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a Director for the approval of such transaction.

Price Fluctuations: Share Price Volatility

In recent years, the international securities markets have experienced high levels of price and volume volatility, and the market prices of securities of many mineral exploration companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that the continual fluctuations in price will not occur.

Legal Proceedings

As at March 31, 2010 and the date of this document, there were no legal proceedings against or by the Company.