Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the Nine Months Ended September 30, 2009

This management's discussion and analysis ("MD&A") of Pacific Ridge Exploration Ltd. ("Pacific Ridge" or the "Company") is dated November 26, 2009 and provides an analysis of Pacific Ridge's financial results for the nine months ended September 30, 2009 compared to the previous period.

The following information should be read in conjunction with the Company's unaudited financial statements for the nine months ended September 30, 2009 and the related notes thereto. The significant accounting policies and accounting changes are outlined in Notes 2 &3 of the December 31, 2008 audited financial statements and Note 2 of the September 30, 2009 interim 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 Wayne J. Roberts, P. Geo., Vice President, exploration of Pacific Ridge and a Qualified Person under the definition of National Instrument 43-101.

Mineral Projects Updates

As of September 30, 2009, total expensed exploration expenditures for each property are summarized as follows:

	Balance	Additions		Balance
	September 30, 2009	September 30, 2009	December 31, 2008	December 31, 2007
Baker Basin Lake	$ 6,399,376	$ 1,938	$ 196,887	$ 6,200,551
Fyre Lake	6,629,109	3,647	550	6,624,912
Tumbler Ridge	386,285	20,871	365,414	-
Wapiti	79,737	15,747	63,990	-
GoldCAP	67,208	67,208	-	-
Eureka	22,447	22,447	-	-
Moose	11,160	11,160	-	
Polar/Stewart	56,147	56,147	-	
Mariposa	46,868	46,868	-	
Total	$ 13,698,337	$ 246,033	$ 626,841	$ 12,825,463

Klondike Kate Gold Project

The Klondike Kate Project is a search for gold in the Yukon's South Klondike Region. As of September 30, 2009 the project includes the Mariposa, Polar/Stewart, Eureka, Moose and Goldcap properties as well as regional exploration (OEX) for the identification and acquisition of additional properties.

The Company through a combination of its contacts with Yukon prospectors and its files of historic exploration data commenced a program of land acquisition resulting in the staking of the Goldcap, Eureka and Moose properties in the second quarter of 2009 after release of encouraging drill hole results on a nearby gold discovery by Underworld Resources at the White Gold Property located 90 kilometers south of Dawson City. Subsequently, the Company concluded an option agreement to acquire the Stewart/Polar Property. Each of these properties has demonstrated exploration potential for gold discovery.

The White Gold Property is significant in that surface work suggests that the 7.5 kilometre long gold soil geochemical response has potential for several zones of mineralization. Although the geological model for gold mineralization is at an early stage of development, this previously unrecognized style of gold deposit has regional implications for discovery of additional deposits in the Klondike district. Historical gold production from Klondike placer gold deposits is reported to be in the order of 13 million ounces of gold.

The South Klondike area saw a staking rush during 2009 where approximately 6,000 mineral claims have been staked and it is estimated that up to 25 companies, including Pacific Ridge, now hold ground in the area.

Goldcap Property
The Company, through staking, owns a 100 percent interest in the 56 claim Goldcap property. The claims are tied on the northeastern boundary of Underworld's White property approximately 6 kilometres northeast of their Golden Saddle zone. The Company staked the Goldcap on the basis of a favorable geologic setting and anomalous gold and associated trace-element values obtained from historic silt and soil sampling programs. The 2009 exploration program conducted during the third quarter included grid soil sampling, ridge and spur soil sampling, and geological mapping. Results are expected during the fourth quarter.

Eureka Property
Located approximately 55 kilometres north of the White Gold Property, the Company owns a 100% interest in the 108 mineral claims Eureka Property. The claims were staked over the eastern flanks of Eureka Dome. This exploration target is distinguished by placer gold occurrences in most creeks draining all sides of Eureka Dome. Placer gold occurrences can indicate potential for discovery of lode gold deposits. The 2009 exploration program, conducted during the third quarter was also directed to establishment of drill targets and included prospecting, and geological mapping. Compilation of all exploration results will be finalized in the fourth quarter..

Moose Property
Located on-strike to the southeast of the Eureka, the 48-claims Moose property also may be a potential source of placer gold. The 2009 exploration program consisted of prospecting and rock sampling.

Polar Stewart Property
Subsequent to the end of the second quarter, the Company entered into an option agreement to acquire the Polar/Stewart property consisting of 149 mineral claims from Ryanwood Exploration Inc. of Dawson City.

The Polar/Stewart property is tied on to the eastern border of the Company's Goldcap property which in turn is adjacent to the northeastern boundary of the White Gold property held by Underworld Resources Ltd. The western boundary of the Goldcap mineral claims is approximately 6 kilometres northeast from Underworld's Golden Saddle gold zone.

The principal terms of the option agreement, for which regulatory approval was obtained, include a cash down 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 acquisition of the Polar/Stewart property adds to the Company's property holdings in the region of Underworld's White Gold discovery. The Company conducted a third quarter exploration program of grid soil sampling and geological mapping with results expected during the fourth quarter. It is significant that anomalous gold values were obtained by the Geological Survey of Canada's regional geochemical silt sampling survey conducted in the vicinity of the Goldcap and Polar/Stewart mineral claims.

Mariposa Property

During the third quarter, the Company entered into an option agreement to acquire the 203 claims Mariposa property. The Mariposa property covers approximately 50 square kilometers and is located 50 kilometres east of Underworld's Whitegold discovery.

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 bought down by the Company for $ 1 million.

The Mariposa property covers a 14 kilometre length of a geological setting analogous to the Whitegold style of gold mineralization. The vendors had previously defined a a 7 kilometre host schist unit and a coincident 2 kilometre open ended gold soil anomaly at the western end of the schist unit. All streams draining the property are known to contain placer gold.

During the third quarter, the company conducted a ridge and spur geochemical soil sampling program as well as preliminary prospecting and rock sampling. All results are expected during the fourth quarter.

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. whereby Aurora may earn a majority interest in the Baker Basin project. The principal terms of the Aurora agreement allow Aurora, as operator during an initial option period expiring December 31 2011, to earn a 51 % interest in the project by immediately subscribing to a private placement of 2,000,000 shares of the Company at $0.17 per share (completed), and incurring staged exploration expenditures totaling $15,000,000 during the option period. Upon earning a 51 % interest, Aurora may elect to either earn an additional 14% interest by financing 100% of continuing costs and commit to producing a prefeasibility study on or before December 31, 2013 or enter into a joint venture with the Company with an initial joint venture partnership level of 51% Aurora and 49% for the Company. The Company may elect to contribute or if it elects not to participate in the joint venture, its interest will be reduced to not less than 35 %. Aurora may then contribute 100 % of continuing costs until a prefeasibility study is produced. When a prefeasibility study is produced, Kivalliq will have the right to back in to a 20 % joint venture interest by reimbursing 40 % of the exploration costs incurred including the cost of producing the prefeasibility study. The reimbursement will be distributed on a pro rata basis between the Company and Aurora after the Company has received the first $7,300,000. Should Kivalliq elect to back in but fail to contribute to the joint venture, their interest would be subject to dilution and if reduced to 5% or less, converted to a royalty. The Company's joint venture interest would then range from a minimum of 15% to a maximum of 29%, depending on the prior elections of Aurora and the Company. The Company's and Aurora's joint venture interests would also be subject to dilution for non-contribution, and if reduced to 5% or less, be converted to a royalty. If Aurora terminates its agreement with the Company, Kivalliq can elect to re-establish the terms of its original option, back-in joint venture agreement with the Company by returning the two million shares to the Company.

During the first quarter Aurora delivered a report to the Company detailing the results of their 2008 exploration program. This report included results from two diamond drill holes, a 7001 kilometer, 150 metre spaced, airborne magnetic, radiometric and broadband electromagnetic survey, and a 435 kilometer ground magnetic survey, with 50 metre spacing, was completed around the known Lucky 7, Niner and 7-1 zones. Aurora reported that the interpretation of these results indicates that mineralized structures are continuous over several kilometres and there is significant potential to host unconformity style mineralization. Geological mapping around mineralized zones and a comprehensive geochemical sampling program of the areas around mineralization were also completed in an effort to better characterize the alteration system associated with mineralization and planning for the 2009 season. As of the end of the second quarter, Aurora advised that they have no plans to conduct exploration during 2009. It is expected that, on or before December 31, 2009 Aurora will advise the Company of its intention to relinquish its option of the Baker Basin project.

Fyre Lake Massive Sulphide Project

During the First Quarter the Company continued 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 continues to seek an option/joint venture partner to fund further exploration.

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.

During the First Quarter the Company produced a report dealing with the results of its 2008 exploration program which defined attractive phosphate mineralization at numerous locations within a cumulative 127 kilometer length of favorable geologic setting. The exploration program identified widespread sedimentary or "blanket-type" and laterally continuous phosphate mineralization. Of particular note are the Wapiti and Tunnel zones which yielded values to 29.1% P2O5 over 3 metres and 19.4% P2O5 over 3 metres respectively. The exploration program also outlined five additional targets where thicker and higher grade zones of phosphate are exposed. Although the early stage Tumbler Ridge project has only seen its first year of exploration, drill-ready targets directed to tonnage and grade definition have been selected. The Wapiti Zone is held under option from Lateegra Gold Corp wherein Pacific Ridge may earn up to a 65% interest by making prescribed payments and expenditures over a 5-year period. Initial exploration had also discovered five additional phosphate targets; Muinok, Mount Palsson, Meosin, Hook Lake and Windy Camp. The Company continues to seek a joint venture participant for on-going exploration of the Tumbler Phosphate Project.

Overall Performance

As at September 30, 2009, the Company had cash, cash equivalents and short-term investment of $844,125 as compared to $1,153,725 at year ended December 31, 2008. Other than trade payables and amounts owing to the related parties (see Related Party Transactions), 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 nine 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 significant 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 nine months ended September 30, 2009, the Company had a net loss of $526,249, or $$0.02 per share, as compared to net loss of $428,705, or $0.02 per share in 2008. The difference was mainly due to

future income tax recovery related to flow-through shares. A summary of comparative administrative and other expenses is listed below:

	2009	2008	Increase (decrease)
Exploration expenditures	329,737	742,824	(413,087)
Administrative expenses			
Consulting	2,975	12,280	(9,305)
Insurance	15,147	21,387	(6,240)
Legal and audit	31,901	113,122	(81,221)
Management and administrative services	76,820	62,883	13,937
Office operations and facilities	95,775	113,444	(17,669)
Shareholder communications and investor relations	49,784	41,403	8,381
Transfer agent and regulatory fees	31,903	38,829	(6,926)
	304,305	403,348	(99,043)
Other expenses and (income)			
Interest income	(16,836)	(30,166)	13,330
Amortization	3,374	4,820	(1,446)
Stock-based compensation	18,519	91,249	(72,730)
Future income tax recovery	(112,850)	(783,370)	670,520
	(107,793)	(717,467)	609,674
Total expenditures and expenses	**526,249**	**428,705**	**97,544**

Under the provisions of CICA EIC 146, in respect of flow-through shares, a future income tax liability must be recognized, and shareholders' equity reduced, on the date that the company renounces the tax credits associated with flow-through expenditures, provided that there is reasonable assurance that the expenditures will be made. As the company has unrecognized future tax assets and the taxable temporary differences relating to the flow-through shares are expected to reverse during the loss carry forward period, these tax assets can be applied against the future taxable temporary difference. $370,000 flow-through funds were renounced in February 2009 (2008: $2,527,000). The recognition of the benefits resulted in a future income tax recovery of $112,850 (2008: $783,370).

Legal and audit fees were reduced by $81,221 from $113,122 in 2008 to $31,901 in 2009. The higher legal costs in 2008 were mainly attributed to acquisition of 40% interest in Baker Basin property, initiation of the Aurora option agreement and filing of Canadian corporate tax returns..

Management and administrative services increased by $13,937 from $62,883 in 2008 to $76,820 in 2009. This increase largely reflects increased accounting work related to the 2008 year end audit..

Office operations and facilities reduced by $17,669 from $113,444 in 2008 to $95,775 in 2009 reflecting administrative cost reduction and overall lower activities in 2009.

Shareholder communications and investor relations increased by $8,381 from $41,403 in 2008 to $49,784 in 2009 reflecting the engagement of *G2 Consultants Corp.* for investor relation services started in June 2008. The service agreement was terminated in April 2009.

Stock-based compensation for nine months ended September 30, 2009 totaled $18,519 as compared to $91,249 in 2008. The Company expenses the value attributed to the options using the Black Scholes model over the options' vesting terms. Stock-based compensation including those consultants working on the Company's exploration properties has been charged to income and loss.

Interest income decreased to $16,836 for period ended September 30, 2009, as compared to $30,166 for 2008. The decreased interest income reflects lower interest rates and a lower overall average cash balance as compared to the prior year.

Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ending with September 30, 2009.

	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008 (Restated)
Total revenue	$ -	$ -	$ -	$ -
Interest income	4,736	6,084	6,016	4,551
Administration expenses	(91,990)	(99,806)	(114,473)	(131,490)
Exploration costs	(236,099)	(59,686)	(35,362)	(18,061)
Stock-based compensation	(2,896)	(2,863)	(12,760)	(19,314)
Future income tax recovery	-	-	112,850	-
Net (loss) income for the period	$ (326,249)	(156,271)	(43,729)	(164,314)
Basic and diluted income (loss) per share (restated)	$ (0.02)	$ (0.01)	$ (0.00)	$ (0.01)

	September 30, 2008 (Restated)	June 30, 2008 (Restated)	March 31, 2007 (Restated)	December 31, 2007 (Restated)
Total revenue	$ -	$ -	$ -	$ -
Interest income	4,786	15,662	9,718	14,155
Administration expenses	(169,868)	(114,582)	(123,717)	(84,004)
Exploration costs	(437,910)	(176,152)	(128,762)	(730,805)
Stock-based compensation	(16,006)	(16,006)	(59,238)	(62,579)
Future income tax recovery	-	-	783,370	20,755
Net (loss) income for the period	(618,998)	(291,078)	481,371	(842,478)
Basic and diluted income (loss) per share (restated)	$ (0.03)	$ (0.01)	$ 0.01	$ (0.04)

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.

On October 26, 2009, the Company closed non-brokered private placement comprising a total of 3,800,000 Flow-Through Units and 675,000 Non-Flow-Through Units for gross proceeds of $895,000 at $0.20 per unit. Each unit was comprised of one common share and one –half of one transferable share purchase warrant which entitles the holder to purchase one common share at a price of $0.25 per share for one year. The Company will use the gross proceeds from the sale of the Flow-Through Shares to explore its Klondike project in Yukon, Canada. The Company will renounce the Canadian Exploration Expenses with an effective date of December 31, 2009.

As at September 30, 2009, the company had working capital of $666,458 (December 31, 2008: $1,102,421; September 30, 2008: $856,762). During the period ended September 30, 2009, the Company experienced a negative cash flow of $617,206 (2008: $1,116,006) from operating activities, incurred $170,017 (2008: $38,759) on mineral acquisition costs, and no funds were raised in this period. Subsequent to the end of the Quarter, the Company received gross proceed of $ 560,000 from the closing of a second tranche of a non-brokered private placement of Flow-Through Units previously announced on July 24, 2009 and subsequently amended on August 24, 2009.

In 2009, the Company started to place priority on conservation of working capital. In this regard no direct exploration expenditures will be incurred on the Baker Uranium Project, as 2009 exploration expenditures may be incurred by Aurora in accordance with the continuance of an option/joint venture agreement between the Company and Aurora. No exploration expenditures are planned, other than mineral claims maintenance costs, on the Tumbler and Wapiti Phosphate projects as well as the Fyre Lake copper-gold project. Early stage discussion continues with potential parties considering joint venture participation in those mineral properties warranting continuation of major exploration expenditures.

Off-Balance Sheet Arrangements

None

Related Party Transactions

During the period ended September 30, 2009, the Company was invoiced

a) $38,767 (2008 - $54,780) paid to the Vice President of Exploration for professional geological services. In connection with these services, $6,027 (2008 - $2,279) was due by the Company at September 30, 2009.

b) $42,200 (2008 - $32,300) paid to the President and CEO who became an employee of the Company effective January 1, 2009 for administration and management service.

These transactions are in the normal course of operations.

Proposed Transactions

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

Changes in Accounting Policies

The Company's significant accounting policies are subject to estimates and, key judgments about future events, many of which are beyond management's control. A detailed summary of the Company's significant accounting policies is included in Note 2 of the Company's audited financial statements for the year ended December 31, 2008.

During the nine months ended September 30, 2009, the Company retrospectively changed its accounting policy for exploration expenditures to more appropriately align itself with policies applied by other companies in the mining industry. Prior to the year beginning January 1, 2009, the Company capitalized all such costs to mineral resource and only wrote down capitalized costs when the property was abandoned or if the capitalized costs were not considered to be economically recoverable.

Exploration expenditures are now charged to net income as they are incurred until the mineral property reaches the development stage. Significant costs related to property acquisition are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized. The impact of this change on the previously reported December 31, 2008 financial statements is as follows:

	As Previously Reported $	Adjustment $	Restated $
Resource assets at December 31, 2008	3,825,199	(2,663,639)	1,161,560
Loss for the year ended December 31, 2008	(3,644,292)	3,051,271	(593,021)
Loss per share for the year ended December 31, 2008	(0.05)	0.04	(0.01)
Deficit at December 31, 2008	(30,477,547)	(2,793,889)	(33,271,436)
Resource assets at December 31, 2007	6,710,846	(5,845,160)	865,686
Deficit at December 31, 2007	(26,833,255)	(5,845,160)	(32,678,415)

The accounting policies, outlined in Notes 2 and 3 of the Company's audited financial statements for the year ended December 31, 2008, have been applied consistently for the nine months ended September 30, 2009 with the exception of the above changes on mineral exploration expenditures and initial adoption of new accounting standard as described below:

The CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", which establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition, and for intangible assets, subject to certain exceptions. Section 1000, "Financial Statements Concepts" was also amended to provide consistency with this new standard. On January 1, 2009, the Company adopted this change, with no impact on its consolidated financial statements.

In February 2008, 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 transaction 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 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.

In January 2009, the AcSB issued new Handbook sections: 1582, "Business Combinations", 1601, "Consolidations", and 1602, "Non-Controlling Interests". These new standards will apply to fiscal years beginning on or after January 1, 2011. The Company has not yet determined the impact of the adoption of these standards on its financial statements.

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 November 26, 2009, the Company had 25,972,576 common shares issued and outstanding, 712,500 options were outstanding of which 468,750 were exercisable, 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 September 30, 2009 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 fillings.

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 nine months ended September 30, 2009.

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 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.

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.

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.

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 by 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), Wayne J. Roberts (Vice President-Exploration) , 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.

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 September 30, 2009 and the date of this document, there were no legal proceedings against or by the Company.