

MANAGEMENT DISCUSSION AND ANALYSIS

(All amounts are in Canadian dollars)

The following Management's Discussion and Analysis « MD&A » presents results of operations and material changes in financial condition of Rocmec Mining Inc. « Rocmec » and constitutes management's review of various elements that have impacted the company's operational and financial performance for the period ended December 31st, 2009. The following MD&A, dated February 25th, 2010 should be read in conjunction with the company's audited financial statements dated December 31st, 2009 and 2008, including related notes. All amounts included in the following document are in Canadian dollars, unless otherwise stated.

CORPORATE PROFILE

Strategies and objectives

Rocmec's mission and objective over the course of the coming years is to become a gold producer by employing its exclusive thermal fragmentation mining method in narrow-vein deposits, whether it be within its own mining sites, in partnership agreements or sites belonging to other mining companies. Additionally, one other of Rocmec's missions is to introduce its exclusive thermal fragmentation mining method within the mining industry and have this new extraction method recognised around the world.

In order to attain its first objective, Rocmec is continuing exploration work at its Rocmec 1 gold property, pursuing opportunities to acquire properties in Peru and negotiating partnership agreements to exploit narrow-vein deposits with other mining companies.

Rocmec 1

In order to finalize the 44,000 tonne bulk-sampling program at its Rocmec 1 mining site, located near Rouyn-Noranda in Abitibi, Quebec, Rocmec has mandated Group SGS Geostat to produce a final report pertaining to the work conducted. Based on the conclusions and recommendations in the report, management will then proceed with the stated recommendations.

In order to increase its exploration possibilities on the Rocmec 1 property, Rocmec, during the past few months acquired additional claims thereby increasing its land holdings by 3,350 hectares. These recent acquisitions will enable the company to expand exploration of known structures and envision different scenarios for future exploitation.

Peru

The company aims to acquire alone or in partnership, mining properties amenable to its thermal fragmentation mining method. In relation to its mission, Rocmec is pursuing its discussion to complete the acquisition of the Ofrir property in Peru and also pursuing other opportunities with mining site owners for acquisitions, partnership agreements, mining contracts or other types of agreements.

Thermal Fragmentation mining method

In order to attain its objectives laid out in its corporate mission, Rocmec is focussing a portion of its activities on introducing its patented thermal fragmentation mining method to the mining industry.

Mining partnerships

The company conducts work with its method in mining partnerships with mining producers. A first phase is initiated on a few stopes in order for the client to familiarise itself with method, thereafter, a second phase to implement the technology within the rest of the mining complex.

The mining partnership agreements in themselves are a very important element for Rocmec as they generate recurring revenues for the company. The revenue structure of the agreements is based upon sharing the savings obtained by the thermal fragmentation mining method compared to the conventional mining method employed by that particular client. Rocmec receives a fixed amount per linear metre extracted and if necessary, certain agreements contain a clause for a fixed monthly fee.

Strategic alliances

In addition to service contracts, Rocmec aims to enter into strategic alliances with privileged partners that offer mining services to mining producers. Alliances with providers of equipment, products, professional services or others will enable the company to expand recognition of its mining method throughout the industry by way of the networks of its different partners.

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Introduction of the technology

Rocmec aims to introduce and have the technology adopted by producers within the industry by presenting the technology at venues organised by the industry, by publishing articles in specialised magazines and other different types of media platforms in order to attain its objective of widespread awareness and recognition of its mining method.

Patents

The company owns the exclusive rights to a Canadian patent issued by the Canadian Patent Office. The patent issued to Rocmec International Inc. grants to the company the exclusive rights to utilise its thermal fragmentation technology as per its licensing agreement. The Canadian patent number is 2,495,143. Furthermore the Company owns the rights on following patents:

Country	Patent number	Date obtained
United States	U.S. 6,813,320 7,195,320 B2	July 5, 2005 March 27, 2007
Canada	2,495,143	March 14, 2006
Morocco	27552	October 3, 2006
South Africa	2005-4251	July 14, 2006
Mexico	PA/a/2005/005613	May 25, 2005
Russia	2005120014	June 24, 2006
Australia	2003285235	November 5, 2003
Tanzania	TZ/P/05/00085	June 1, 2005
Brazil	Patent currently pending	
China	Patent currently pending	
International (PCT)	WO 2009/015468	February 5, 2009

In order for the company to own the patents, it concluded an agreement enabling it to acquire the totality of the outstanding shares of Rocmec International Inc. The agreement stipulates that in order to acquire the shares Rocmec shall issue to the shareholders of Rocmec International Inc. 85 million common shares of the company. The transaction that was accepted by Rocmec's shareholders at the annual shareholders meeting includes certain conditions related to the service contracts.

Properties

Rocmec 1

Infrastructures: The property includes a 100m deep two-compartment shaft, an 844 metre decline allowing access to three levels (50, 90, 110 and 130 metres). On these levels a total of 2000 metres (drifts and cross-cut drift) were driven. The Rocmec 1 ore body is well defined by diamond drill holes, certain areas were sampled and mined (McDowell vein).

Geology: The mineralization is associated to an East-West sheared system, almost parallel, broken by faults which create slight displacements. Some of the transversal faults are important, causing displacements exceeding 30 metres (ex: El Coco fault). The orientation of the mineralised structures varies from N070° to N090° with a dip of 55° to 80° towards the south. Fractures and tension veins have also developed in close proximity to the sheared zones. They are strongly silicified, very well foliated and are characterized by cataclastic textures with very fine mylonitic grains containing visible or pulverised fragments.

The gold veins on the Rocmec 1 property are quartz-carbonated narrow veins included in an intrusive rock with included quartz or granophyric textures. The narrow veins can be confined in a more competent ground. The high-grade iron ore is most favourable for gold precipitation. These quartz-carbonated narrow veins are normally created in a table and lense shaped structure and are present in the central portion of the sheared zone with a fragile-ductile rocky behaviour parallel to the host structure and slightly oblique. (Hogson, 1989; Poulsen et Robert, 1989).

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Since this type of ore body is low in sulphur, the exploration strategy would be oriented towards geological criteria instead of geophysical criteria. It is important to focus on the sheared zones included in the host rock where high-grade iron igneous rock is present. The mapping done by colored mineralised rock is a simple way to localise the more favourable ore zones.

Mineralization: The gold mineralization at the Rocmec 1 Property is linked to east-northeast, centimetric and metric-wide quartz veins, dipping moderately to steeply to the south, within a kilometre in length by 600 meters wide gabbro to granodiorite intrusive host. There are at least six major vein systems identified on the property; however recent underground work by the Company has confirmed that several veins are likely part of the same system, simply offset by north trending faults. The veins are part of diverging / converging or anastomosing fracture system than includes shearing, alteration (silica, chlorite, sericite, epidote and carbonate) and 2 to 10% disseminated and vein-type pyrite that can attain overall widths in excess of 30 meters.

The best known vein system is termed the McDowell Zone that may include three different vein sets, and has been recognized over a 1,660 meter long strike length, to a 317 meter depth, carrying an average of 6.07 g/t gold capped at 45 g/t over a 0.82 meter horizontal width.

Metallurgical test and ore treatment: In 1983, two 45 kg samples from the 130m level of the Beaudoin vein and from the 90m level of the McDowell West vein underwent treatment testing at the Center for Mineral Research (CMR) of the government of Quebec

Gold grades from the Beaudoin and McDowell West veins were 12.8 and 30.3 g/t Au respectively. Gold recuperation rates with cyanide testing following a recrushing period of 25 minutes of flotation concentrate from the Beaudoin vein attained 95%. However, gold recuperation rates without resorting to recrushing of concentrate from the McDowell West vein were 91-92%.

Table of Resources

TONNAGE-GRADE VARIATIONS BASED ON TWO CUT-OFF GRADES*									
	MEASURED CATEGORY			INDICATED CATEGORY			INFERRED CATEGORY		
Cut-off Grade (g/t)	Tonnes	Grade (g/t gold)	Ounces	Tonnes	Grade (g/t gold)	Ounces	Tonnes	Grade (g/t gold)	Ounces
3.0	91 600	6.72	19 800	274 200	6.37	56 100	955 200	10.37	318 450
0.1	107 800	6.06	21 000	414 000	4.92	65 550	2 250 000	6.32	456 900

* Calculations are in metric units with results rounded to reflect their true estimated nature. Mineral Resources are not Mineral Reserves, since Mineral Reserves have a demonstrable economic viability. Système Géostat International Inc. has verified and is not aware of any environmental, permitting, legal, claim title, taxation, socio-political, marketing or other constraints that could affect the resource estimate.

After more than one year of exploration and development work, the Company now has a calculation of mineral resources in accordance with National Instrument 43-101 for the Rocmec 1 property. The Company estimates that there is a significant opportunity to expand the resources based on the kilometric-long gold corridor on the property.

As defined by the standards of National Instrument 43-101, the qualified person, charged with resource estimates is Mr. Claude Duplessis, P. Eng., of Système Géostat International Inc. The gold mineral resources were estimated on regular blocks on longitudinal sections by the inverse of distance method. The gold zones are: Front West, McDowell, Talus, Shaft, Boucher and Boucher 2. The average true widths of the gold zones vary from 0.61 meters to 2.32 meters. High grade capping was done on the raw data and established at 45 g/t gold. The known mineralization now lies from surface to a vertical depth of 400 meters and was delineated over a strike length of approximately 1.66 kilometres and individual widths of up to 4.10 meters. The complete National Instrument 43-101 Technical Report from Systèmes Géostat International Inc. has been filed on SEDAR (at www.sedar.com) under Rocmec Mining Corporation Inc.

Denain,

The property is located in Louvicourt, in close proximity to Val-d'Or, is one of the sites on which the company undertook development work in order to evaluate its future potential. The principal vein, referred to as the South vein, has been intercepted on close to 400 metres in length, and identified to a depth of 100 metres. The technical report prepared by a

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consulting geologist reports measured and indicated resources of 9,570 ounces and inferred resources of 31,185 ounces. Furthermore, another mineralized structure, referred to as the north vein, has been identified but as of yet no resource calculation has been made. The company, Texas T. Minerals Inc. holds a 15% interest in the property.

Montauban,

The property is located approximately 80 km southwest of Quebec City and is owned by the company since its founding in 2000. No exploration work was conducted on the site during the past year.

The company has been approached by certain groups interested in acquiring an option on Montauban. Ongoing discussions include an option agreement that would be tied to a partnership agreement. At this stage it is difficult for management to comment on the outcome of the agreement.

On Rocmec's Montauban property, the supracrustal rocks from the Montauban Group property constitute the majority of the outcrop areas and are represented principally within four (4) lithologies: biotite gneiss, amphibolites, quartzites and hornblend-biotite gneiss. However, the biotite gneiss rock is the most prominent on the Montauban property and within the surrounding areas. It is to be noted that the mineralization is generally located in the interface between the previously mentioned lithologies, which are, the biotite gneiss and sillimanite and the amphibolites.

The polymetallic mining site of Montauban, located on the Montauban property operated since the beginning of the century until its closing in 1990. Two types of ore were extracted, 800,000 tonnes of gold-bearing ore grading 3.55 g/t Au and 17.72 g/t Ag and 2,500,000 tonnes of polymetallic ore grading 6.8% Zn, 2.27%Pb, 131 g/t Ag and 1.3 g/t Au. The mineralization is basically formed of sphalerite, galena, chalcopyrite in a marble level or an anthophyllite-cordylite-gahnite gneiss associated to sillimanite nodules gneiss and quartzic gneiss. According to certain authors, it is a massive metamorphosed volcanogenic sulphur-altered zone. During the mining of the southern section of the mineralised zone, gold and silver were recuperated as by-products, whereas mining and exploration activities on the northern section were concentrated on precious metals. Recent work supports the idea of classifying the Montauban mining site as massive gold-bearing sulphur associated to heavily metamorphosed volcanic rock.

The gold-bearing mineralization on the Montauban property tends to show a certain lateral continuity, controlled by one or more structures that stretch beyond the immediate sectors of the mine. Thus, the Saint-Thomas indicator, located more than 3 kilometres to the south, presents itself as a mineralization with free gold within quartz stockwerk. The authors of the report support the assumption brought forward by certain authors, that the gold-bearing mineralization at Montauban was late in its formation and intersects just about all of the lithologies including the amphibolites. Following work conducted by Muscocho Exploration Ltd., it was thought that the mineralization was located under a particular level of amphibolite; however, the author believes that the mineralization follows a corridor that becomes subhorizontal towards the south. This assumption is valid for the Montauban property considering the presence of a similar lithology within the same structural context. Furthermore, the North and South mineralised zones on the Montauban property display excellent surface continuity observed through overburden removal, trenches spaced at 30 metre intervals and to depth in proximity, as indicated by numerous past and recent diamond drill holes spaced at 30 metre intervals. Zone thicknesses vary from between 1 to 3 metres; however, locally they can reach 10 metres or more. Grades vary from between 1 to 6 g/t Au.

Resource evaluation: For the south Zone 1, the Company evaluates the indicated mineral resource of the unmined crown pillar of this zone at 114,473 tonnes with grades of 6,1 g/t Au and 94 g/t AG, for a total of 22,281 gold ounces and 347,086 silver ounces. Considering a ratio of 73 g Ag pour 1 g Au the equivalent gold grade is 7,3 g/t eqAu (82 % Au et 18 % Ag). For north zone, we calculate an indicated resource totalling 274,500 tonnes with grades of 2,8 g/t Au and 15 g/t Ag for a total of 24,917 gold ounces and 133,912 silver ounces. Considering a ratio of 73 g Ag pour 1 g Au the equivalent gold grade is 3.0 g/t eqAu (93 % Au et 7 % Ag). However, we advise that within this sector 113,284 tonnes with grades of 3.1 g/t Au and 19 g/t Ag (3.4 g/t eqAu), are available in the first 10 metres. The volume corresponds to 46% of the total value of the crown pillar. The above mentioned information was taken from a technical report dated June 2003, prepared by Mr. Jacques Marchand, a consulting engineer geologist.

Courville-Maruska,

For the moment this is at the exploration stage. Very little work is planned for this property during the coming year and Management have not determined when exploration activities will take place.

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Summary of quarterly activities

During the quarter, the business activities focused primarily on continuing exploration work at its Rocmec 1 site and on acquiring financing for the work planned in the coming year. Rocmec commissioned a qualified firm SGS Géostat Ltd. to prepare a final report pertaining to the bulk sampling conducted on the property. In order to complete the report's preliminary exploration work, diamond drilling was conducted on the property. A total of 5 diamond drill holes from surface were completed with the goal of intersecting the main mineralised structures and also to acquire further information on the extent of existing resources. These results that were made public clearly demonstrate that all the targeted structures were intersected with grades that management considers to be satisfactory. The firm will also prepare a NI43-101 compliant resource estimate report that will be completed in the second quarter.

During the quarter, Rocmec acquired 99 additional mining claims from Dasserat Resources Inc. The mining claims are adjacent to the 11 mining claims currently owned by Rocmec, on which it's Rocmec 1 gold property is located. These acquisitions increase the total surface area of the Rocmec 1 gold property from 83 hectares to 3,454 hectares. A large number of the newly acquired mining claims have the same orientation whether in continuity or at depth with known gold structures at Rocmec 1. The fact of significantly increasing the size of the property also increases the chances of discovering new mineralised structures.

Mining partnerships

Accounting of the financial results for the first quarter states revenues from service contacts of \$614,835. Direct costs totalled \$556,045 for gross revenues of \$58,790.

Nevada

For the contract in Nevada, Rocmec is employing its new model of thermal fragmentation units dubbed the "mini-dragon" which has been specifically designed to operate in very narrow drifts. For these contracts the client has the following responsibilities: sub-level development, mining services, mucking and milling, whereas, Rocmec has the responsibility of focusing on fragmenting the mineralised corridors from within the sub-levels. Each stope is roughly between 30 to 45 metres long and 15 metres high between the sub-levels and a mineralised corridor has an average width of 0.5 metres.

Mexico

Regarding the contract in Mexico, Rocmec continued thermal fragmentation operations during the quarter. The agreement is for a first stope of 100 metres in length that will be extracted and this in order for the client to evaluate the results and make a decision on going forward with the thermal fragmentation mining method. This mine is very suitable for the thermal fragmentation mining method considering the numerous narrow veins located within the deposit.

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Summary of quarterly results

	Quarter			
	2 nd 2009	3 rd 2009	4 th 2009	1 st 2010
Income from contracts	16,926	127,665	708,348	614,835
Contract expenses	115,162	207,489	461,792	556,045
Stock-based remuneration	-	-	-	9,320
General and Administration expenses	280,852	233,252	276,093	286,768
Amortisation	2,800	2,697	2,601	38,065
Income Tax from part XII.6	2,208	51,115	(17,034)	4,783
Interest and bank charges	304,123	278,265	277,174	255,612
Financing fees	63,205	33,903	85,881	104,475
Loss on disposal of fixed assets	-	1,422	421,885	-
Gain (loss) on evaluation of precious metal	1,389	(407)	50	1,754
Fair value variation on investment in shares	-	-	(1,250)	(2,500)
Write off of mining properties	700	-	10,000	-
Write-off of deferred exploration and development costs	-	-	-	-
Future income taxes	901,193	(104,840)	245,693	28,536
Net loss (earning)	(147,680)	784,911	1,034,537	668,023
Stock issuance expenses	(1,173,031)	(427,244)	(19,836)	(20,450)
Cash flow from operating activities	(301,235)	(995,407)	(398,850)	(482,482)
Investment in fixed assets	383,857	57,098	1,630	13,537
Investment in mining properties	975	-	-	500,000
Deferred exploration and development costs	1,270,804	873,667	708,790	737,515
Cash and cash equivalents	-	-	-	-
Cash flow	(4,899,242)	(5,101,474)	(5,026,109)	(3,888,151)
Shareholder equity	11,753,946	12,772,884	13,977,066	15,975,606
Net loss per share	(0.001)	0.005	0.005	0.004
Weighted average outstanding shares	149,934,736	158,859,543	170,532,505	220,876,998
Shares outstanding	166,394,598	193,698,499	220,752,834	247,775,450

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Summary of quarterly results

	Quarter			
	2 nd 2008	3 rd 2008	4 th 2008	1 st 2009
Income from contracts	-	-	-	149,573
Contract expenses	-	-	-	133,889
Stock-based remuneration	-	-	95,759	-
General and Administration expenses	308,248	303,059	197,987	259,307
Amortisation	1,871	1,957	1,910	5,705
Income Tax from part XII.6	42,208	53,198	(17,427)	8,982
Interest and bank charges	209,025	215,751	256,921	312,857
Financing fees	17,033	63,006	77,159	71,343
Loss (gain) on disposal of fixed assets	(32,297)	(135,975)	437	-
Gain (loss) on evaluation of precious metal	4,306	3,693	(635)	4,703
Fair value variation on investment in shares	-	-	-	-
Write off of mining properties	800	-	1,259,793	20,180
Write-off of deferred exploration and development costs	-	-	1,950,695	-
Future income taxes	(1,944,056)	79,046	3,096,034	152,419
Net loss	(1,410,369)	583,735	4,222,524	819,812
Stock issuance expenses	2,212,558	119,656	(103,241)	(150,164)
Cash flow from operating activities	(479,726)	(316,773)	(473,137)	(550,243)
Investment in fixed assets	4,560	1,073,026	384,585	95,254
Investment in mining properties	192,993	30,486	5,100	20,180
Deferred exploration and development costs	1,288,960	653,915	1,153,919	1,270,161
Cash and cash equivalents	-	-	-	-
Cash flow	(2,922,307)	(2,548,723)	(3,255,371)	(4,166,468)
Shareholder equity	13,619,629	14,133,237	11,091,303	11,240,017
Net loss per share	(0.012)	0.005	0.034	0.006
Weighted average outstanding shares	116,063,756	119,328,570	123,283,929	142,607,914
Shares outstanding	122,529,539	132,671,204	138,963,295	151,064,598

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FINANCIAL ASPECTS

The preparation of financial statements requires the usage of estimates and the formulation of assumptions that effect reported amounts of revenues and expenses and also the amounts of assets and liabilities. Elements reported in the financial statements that require accrued usage of estimates include the calculation of the useful life of assets, amortisation calculations, calculations pertaining to maintenance obligations for out of service assets and those related to income taxes on profits and future mining income taxes. Consequently, actual results could differ from these estimates.

Summary of first quarter 2010 financial results

Income from contracts

The income from contracts is derived from leasing and work done for other mining companies using the thermal fragmentation mining method. During the period, the company recorded \$614,835 in contract income.

Contract expenses

The contract expenses are comprised of direct costs related to the contracts, principally labour, travelling and lodging. They also include start-up and equipment mobilisation costs. During the quarter, the company recorded an amount of \$556,045 in contract expenses

General and administration expenses

Expenses related to administrative salaries, professional fees, legal expenses, communications, travelling and other office expenses. The remaining general and administration expenses are \$43,313, higher in comparison to same period last year. Details of G & A expenses are listed in the interim financial statements filed with Sedar.

Interest and bank charges

Interest on debentures, the loan secured by a modular treatment plant and other loans represent an important portion of the interest expenses. During the period, interest and bank charges decreased by \$57,245 over the same period last year. A significant portion is attributed to the financing costs related to the modular treatment plant.

Financing Fees

Financing fees represent costs relating to financing activities on loans, debentures and equity financing. During the period, financing fees totalled \$104,475 compared to \$71,343 over the same period last year.

Write-off of deferred exploration and development costs

The write-off of deferred exploration and development costs represent costs expended on properties that the company has no intention of conducting further exploration activities. The company considers that no permanent value loss should be recorded for its Rocmec 1 property.

Results of operations

For the period ended December 31st, 2009, operating expenses totalled \$698,277 compared to \$683,077, a decrease of \$15,200 over the same period last year.

For the period ended December 31st, 2009, the company had a net loss of \$668,023 or \$0.004 per share compared to a net loss of \$819,812 or \$0.006 per share for the same period last year. The net loss per share was calculated based on 220,876,998 common shares representing the weighted average outstanding common shares as of December 31st, 2009, compared to 142,607,914 shares representing the weighted average outstanding common shares as of December 31st, 2008.

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Data on capital stock

	December 31 2009		September 30 2009		September 30 2008	
	Number	Amount	Number	Amount	Number	Amount
Outstanding at beginning	220,752,834	30,883,276	138,963,295	25,283,415	90,470,166	19,216,927
Issuance of shares for cash	-	-	16,808,599	822,683	2,474,676	274,081
Issuance of shares under flow-through agreements	14,579,759	1,426,131	61,383,763	4,515,728	45,320,440	5,674,853
Issuance of shares for acquisition of mining properties	12,000,000	1,140,000	-	-	-	-
Issuance of shares on the exercise of stock options and warrants	442,857	31,000	-	-	-	-
Issuance of shares for settlement of debt	-	-	3,106,606	224,000	178,274	24,000
Brokers warrants fees	-	-	490,571	37,450	519,739	93,554
Outstanding at end	247,775,450	33,480,407	220,752,834	30,883,276	138,963,295	25,283,415

Liquidity and financial condition

Liquidity

At December 31, 2009, the company has non cash position that was set aside for development and exploration expenditures, compared to a cash position of \$89,099 at the same period last year.

Tax credit receivable

Tax credit receivables total \$808,095, compared to \$1,389,907 for the same period last year. At December 30, 2009, the amount includes a mining rights tax credit for 2007 and 2008 of \$808,095.

Fixed assets

During the period, the company acquired equipment totalling \$13,537 compared to \$95,254 for the same period last year. These acquisitions consist primarily of equipment needed for operations pertaining to service contracts.

Mining properties

During the period, the Company invested \$737,515 in deferred exploration compared to \$1,120,161 for the same period last year. These investments have been made principally on the Rocmec 1 property. The Company continues to develop this property and it plans on continuing to invest in the property during the next period.

Assets

As at December 31, 2009, the company's assets totalled \$26,791,447 an increase of \$5,420,639 compared to December 31, 2008.

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Cash flow insufficiency

As of December 31, 2009, the company faces a cash flow insufficiency. In order to rectify the situation a series of financings were completed after the end of the quarter. Additionally, the company successfully renegotiated the terms of loans and debentures having short term maturity dates.

Income taxes on profits and future income taxes

Note that the income taxes on profits and future income taxes have been accounted for as both assets and liabilities; the reason being that the amounts originate from different tax levels such as: federal, provincial and mining income taxes.

Off-balance sheet arrangements

The company has no off-balance sheet arrangements.

Related party transactions

The company has no related party transaction.

Accounting changes

Amortization of property, plant and equipment

On October 1st, 2008, the Company modified its manner of amortizing property, plant and equipment from the diminishing balance method to the straight-line method. The adoption of this new method of amortizing property, plant and equipment was applied prospectively and decreased the amortization expense in the statement of earning by \$2,964, increased deferred exploration and development charges by \$82,311, decreased property, plant and equipment of \$79,347 and decreased shareholders' equity of \$2,964. The implementation of the new accounting method of amortizing property, plant and equipment did not have a significant impact on the basic and diluted net loss per share.

Going concern

In June 2007, The Canadian Institute of Chartered Accountants modified section 1400, "General standards of financial statements presentation", in order to require of the management the assessment of the capacity of the Company to continue its operations over at least, but not limited to, a period of 12 months, from the balance sheet date. These new requirements come into force for the fiscal periods from January 1, 2008 and the Company applied them on October 1, 2008. The new requirements only address disclosures and have no impact on the Company's financial results.

Goodwill and Other Intangible Assets

In February 2008, the Canadian Institute of Chartered Accountants published new Section 3064, "Goodwill and Intangible Assets", to replace Section 3062, "Goodwill and Other Intangible Assets". Publication of this new section resulted, in particular, in the withdrawal of Section 3450, "Research and Development Costs", and Emerging Issues Committee Abstract of Issue Discussed EIC-27, "Revenues and Expenditures During the Pre-operating Period", as well as number of amendments to Section 1000, "Financial Statement Concepts", to clarify the criteria for recognition of assets, and Accounting Guideline AcG-11 "Enterprises in the Development Stage".

The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. It clarifies the recognition of intangible assets and deals with the recognition of internally generated intangible assets. However, the standards relating to goodwill are identical to those in Section 3062. This new section is effective for fiscal years beginning on or after October 1, 2008 and the Company has implemented it as of that date. The implementation of this standard has no impact on the Company's financial results.

Mining Explorations Costs

On March 27, 2009, the Emerging Issues Committee issued EIC-174, Mining exploration costs, to provide additional guidance for mining exploration enterprises on when an impairment test is required. This Abstract must be applied to financial statements issued after March 27, 2009. The adoption of this Abstract had no impact on the financial statements of the company.

Future accounting standard

International Financial Reporting Standards ("IFRS") In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the International Financial Reporting Standards ("IFRSs"). The company is currently evaluating the impact on its financial statements.

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IFRS Convergence

In February 2008, the Canadian Accounting Standards Board confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the International Financial Reporting Standards ("IFRS"). The changeover date for the Company will be October 1st, 2011, to be in line with its September year end.

Team

Considering the size of the company, the chief financial officer, who is a Chartered Accountant, will supervise the IFRS convergence and will report to the Audit Committee on the progress accomplished.

Ongoing training

Since the fall 2008, the company's CFO attended several training sessions given by the Quebec Order of Chartered Accountants and the IFRS Task Force of RCGT (the auditor of the Company) pertaining to the new IFRS international standards and their application. These training sessions have enabled the company's CFO to familiarise himself with the new standards, whether it be comparing the Canadian GAAP to IFRS, its application within the mining industry, the changes on the date of passage and the modes of presentation.

Accounting Policies impacted

The detailed analysis of the accounting policies impacted by the IFRS convergence is expected to be completed throughout 2010. Overall, a lot of effort will be put in the financial statements presentation as IFRS requires more disclosure. Based on the analysis of expected accounting differences conducted so far, following is a non-exhaustive list of the IFRS accounting policies that could have a potential impact on the financial statements of the Company.

First Time adoption (IFRS 1)

IFRS 1 provides guidance to entities on the general approach to be taken when first adopting IFRS. The underlying principle of IFRS 1 is retrospective application of IFRS standards in force at the date an entity first reports using IFRS.

IFRS 1 acknowledges that full retrospective application may not be practical or appropriate in all situations and prescribes:

- Optional exemptions from specific aspects of certain IFRS standards in the preparation of the Company's opening balance sheet: and
- Mandatory exceptions to retrospective application of certain IFRS standards.

Additionally, to ensure financial statements contain high-quality information that is transparent to users, IFRS 1 contains disclosure requirements to highlight changes made to financial statement items due to the transition to IFRS.

Impairment (IAS 36, IAS36)

IFRS required the use of a one-step impairment test (impairment testing is performed using discounted cash flows) rather than the two-step under Canadian GAAP (using undiscounted cash flow as a trigger to identify potential impairment loss). IFRS requires reversal of impairment losses (excluding goodwill) where previous adverse circumstances have changed; this is prohibited under Canadian GAAP.

Impairment testing should be performed at the asset level for long-lived assets and intangible assets. Where the recoverable amount cannot be estimated for individual assets, it should be estimated as part of a Cash Generating Unit ("CGU").

Share-based payments (IFRS 2)

Per IFRS, the forfeiture rate, with respect to share options, needs to be estimated by the Company at the grant date instead of recognizing the entire compensation expense and only record actual forfeitures as they occur. For graded-vesting features, IFRS requires each instalment to be treated as a separate share option grant, because each instalment has a different vesting period and hence the fair value of each instalment will differ.

Mineral property interest, exploration and evaluation costs (IFRS 6)

Under IFRS, the Company would be required to develop an accounting policy to specifically and consistently identify which expenditures on exploration and evaluation activities will be recorded as assets. Unlike IFRS, Canadian GAAP indicates that exploration costs may initially be capitalized if the Company considers that such costs have the characteristics of property, plant and equipment. Exploration and evaluation assets shall be classified as either tangible or intangible according to the nature of the assets acquired.

MANAGEMENT DISCUSSION AND ANALYSIS

(All amounts are in Canadian dollars)

Information systems

The accounting processes of the Company are simple since it is still at the exploration stage and no major challenges are expected at this point to operate the accounting system under the IFRS. Nevertheless, some excel spreadsheets will probably have to be adapted to support the change made in accounting policies. The Company has yet to establish if historical data will have to be regenerated to comply with some of the choices to be made under IFRS 1. As the Company will perform its accounting under Canadian GAAP from October 2010 to September 2011, it has yet to determine how it will generate in parallel the accounting under IFRS so that in 2011-12 it has the comparative available. Once the extent of the adjustments needed to convert to IFRS will be established, processes will be put in place effective October 2010 to generate the dual accounting.

Internal Controls

Since the Company is a TSX Venture issuer, management does not make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in National 52-109. Management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support their certification of the financial statements and MD&A, more specifically assessing that the SEDAR filings are presenting fairly the results of the Company. Management will make sure that once the convergence process is completed, it can still certify its filings.

Impact on the business

The business processes of the Company are simple and no major challenges are expected at this point to operate under IFRS. The Company has no foreign currency transactions, no hedging activities, no debt and no capital obligations. The Company doesn't expect that IFRS will have an impact on the requirements or business processes when it enters in flow-through financing. The Company has no compensation arrangements that will be affected by the IFRS implementation. The Company's Stock Option Plan is not affected by ratios or financial targets.

RISKS AND UNCERTAINTIES

Financial Risks

An important part of the company's activities may be considered as exploration. It must regularly obtain financing in order to continue its exploration activities and development. Despite the fact that the company has been successful in the past, there is no guarantee that they will succeed in the future.

All of the company's properties are at the exploration and development stage. The long-term profitability of the company's operations will be in part directly related to the cost and success of its exploration and subsequent development programmes, which may be affected by a number of factors. These include the quantity and quality of the ore, the cost to develop infrastructure for production, the financing costs, as well as the market price of gold.

Environmental risks

The company is subject to different environmental incidents that may occur during exploration or development work. Management has implemented programs to manage the risks involved, which include various plans and operational practices.

Flow-through shares

The company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds expended by the company will qualify as Canadian exploration charges, even if the company has taken all the necessary measures for this purpose.

Dividend policy

Since the date of incorporation, the company has not declared nor paid a dividend on its common shares. All decisions pertaining to the payment of dividends to holders of common shares shall be the responsibility of the Board of Directors and will be based on the financial situation of the company, its funding requirements to insure future growth and any other pertinent factor given the circumstances.

Evaluation and effectiveness of disclosure controls and procedures

The Company has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issuer's disclosure controls and procedures as of September 30, 2009 and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in annual filings.

MANAGEMENT DISCUSSION AND ANALYSIS

(All amounts are in Canadian dollars)

Forward-looking statements

This Management's Discussion and Analysis contains forward-looking statements that include risks and uncertainties. When used in this Report, the words "estimate," "project," "anticipate," "expect," "intend," "believe," "hope," "may" and similar expressions, as well as "will," "shall" and other indications of future tense, are intended to identify forward-looking statements. The forward-looking statements are based on current expectations and apply only as of the date on which they were made. These forward-looking statements involve risks, uncertainties and other factors that in some cases have affected our historical results and could cause actual results in the future to differ significantly from the results anticipated in forward-looking statements made in this Report. Important factors that could cause such a difference are discussed in this Report, particularly in the sections entitled "Risks and uncertainties". You are cautioned not to place undue reliance on the forward-looking statements.

The factors that could cause actual results to differ materially from those indicated in such forward-looking statements include the grade of ore mined and unforeseen difficulties in mining operations that could affect revenues and production costs. Other factors, such as uncertainties regarding government regulations, could also affect the results. We undertake no obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise.

Other information

The discussion and analysis of the interim financial results as of December 31, 2009 should be read in conjunction with the company's annual audited financial statements for the period ended September 30, 2009 and 2008. Additional information may be obtained from the company filings on the following website www.sedar.com in the documents filed by the Company.

On Behalf of the Board
Dated February 25, 2010

Donald Brisebois (s)

Donald Brisebois
President and CEO

Daniel Gilbert (s)

Daniel Gilbert CA
Vice-President and CFO