

MANAGEMENT'S DISCUSSION & ANALYSIS

For the period ended June 30, 2010

Form51-102F

1.8 Off Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

Refer to note 14 of the audited annual consolidated financial statements.

1.10 Fourth Quarter

For the quarter ended June 30, 2010, the Company reported a net loss of \$601,678, or \$0.00 per share, compared to a net loss of \$990,066, or \$0.01 per share, reported for the corresponding period in fiscal 2009.

The operations expenses of \$549,816 for fourth quarter of fiscal 2010 (2009 - \$738,607) are comprised of salaries, office and administration, legal and accounting, shareholder communications, conference and travel, regulatory compliance, amortization and stock-based compensation. Excluding stock-based compensation expenses of \$120,818 (2009 - \$244,930), the Company incurred operating expenses of \$428,998 compared to operation expenses of \$493,677 for fiscal 2009.

General and administration expenses, which decreased by 20% to \$294,157 in the fourth quarter of fiscal 2010 from \$368,992 in the same period for fiscal 2009, was comprised of salary expenses of \$240,868 (2009 - \$173,366) and office rent, office services and others of \$53,289 (2009 - \$195,626). The increase in salaries compared to the same period last year reflected increased corporate activities, which was offset by decreased financial management consulting.

Shareholder communications, conference and travel expenses totaled \$56,468 in the fourth quarter of 2010, decreased by \$33,497 from \$89,965 in the same period of fiscal 2009, reflecting budget cuts implemented as a result of the global recession. The regulatory and filing expense was \$2,307 compared to \$3,353 in the fourth quarter of fiscal 2009. Legal, accounting and audit expenses were \$71,626 compared to \$27,961 an increase by \$43,665 reflected the additional legal costs related to a number of construction service contracts awarded to suppliers and legal action against Sim Tze Chui AKA Jyn Tze Baker et al. ("the Defendants") for defamation.

During the fourth quarter of fiscal 2010, a total \$152,338 (2009 - \$327,389) stock-based compensation expenses were credited to contributed surplus, of which \$120,818 (2009 - \$244,930) was debited to operations and \$31,520 (2009 - \$82,459) was debited to exploration, mine development and construction of the plant. The amortization expense was \$4,440 compared to \$3,406 in the fourth quarter of fiscal 2009.

During the fourth quarter of fiscal 2010, the Company received \$1,452 (2009 - \$35,633) of interest income generated from a cash balance. The Company incurred a foreign exchange loss of \$52,634 compared to \$286,058 in the same period last year.

1.11 Proposed Transactions

None.

1.12 Critical Accounting Estimates

Refer to note 2(b) of the audited consolidated financial statements as at June 30, 2010.

1.13 Changes in Accounting Policies including Initial Adoption

Refer to note 3 of the audited consolidated financial statements as at June 30, 2010.