GALENA CAPITAL CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

Introduction

The following management discussion and analysis and financial review, prepared as of November 27, 2008, should be read in conjunction with the Company's interim unaudited consolidated financial statements for the nine months ended September 30, 2008 and the audited consolidated financial statements and related notes for the period May 14, 2007 to December 31, 2007. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis are expressed in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Company Overview

The Company is a junior mineral exploration company engaged in the business of acquiring and exploring and evaluating natural resource properties in Mexico and Peru. As of the date of this MD&A, the Company has not earned any production revenue, nor found any proved reserves on any of its current properties.

Acquisition of Norma Mines Ltd.

On January 15, 2008, the Company entered into a letter agreement with Norma Mines Ltd. ("Norma") whereby Galena agreed, subject to various conditions precedent, to acquire all of the issued and outstanding securities of Norma (the "Acquisition"). The Acquisition is an arm's length transaction within the meaning of the TSX Venture Exchange's policies and was completed on March 20, 2008. Galena issued 4,200,000 common shares to shareholders of Norma in exchange, on a one-for-one basis, all outstanding shares of Norma. The Company used the purchase method to account for the Acquisition. Under this accounting treatment, Galena purchased Norma's net assets as follows:

Net Assets Acquired and Liabilities Assumed	
Net assets acquired from Norma	$ 222,350
Adjusted valuation of mineral properties on acquisition *	8,621,387
Future income taxes *	(2,090,033)
	$ 6,753,704
Consideration	
4,200,000 Galena common shares	$ 6,627,809
Acquisition costs	125,895
	$ 6,753,704

* The purchase consideration has been allocated on a preliminary basis to the fair value of assets acquired and liabilities assumed based on management's best estimates and taking into account all available information at the time these consolidated financial statements were prepared. The allocation of the purchase price may result in a change to the amount assigned to the value attributable to mineral properties and future income tax liabilities prior to finalizing the allocation of the purchase price by year end 2008.

Exploration Projects

MEXICO

Maureen Property (formerly "La Suerte")
The Company commissioned Ron Parent, P.Geo of ResourceEye Services Inc. to prepare a report with respect to the property. The author was retained to complete the technical report in a form consistent with NI 43-101. Mr. Parent is a "Qualified Person" for the purposes of NI 43-101. The following information regarding the Property is derived from Mr. Parent's technical report. The full technical report is filed under the Company's profile on the SEDAR website at www.sedar.com.

Summary
The Maureen Property ("Maureen") is located 20 km SSE of the city of Tepic, Nayarit, Mexico.

The property is accessible by road and is comprised of 3 non-contiguous claim blocks totaling 186.2 hectares:

1) La Suerte;
2) La Suerte Fraction 1; and
3) La Suerte Fraction 2.

The property is situated in an active volcanic area with structures showing evidence of hydrothermal alteration. Two of these mineralized structures, the La Suerte and the La Escondida, show characteristics of low sulfidation epithermal gold silver deposits. Many historical tunnel workings and sampling programs have targeted the Maureen structure. In particular, there are confirmed grades in excess of 2 ounces per ton gold and 7 ounces per ton silver reported. Current title information indicates that all three fractions of Maureen are in good standing until the year 2053. To retain these property rights, the claim holder must continue to maintain their semester payments, and report annually any activities conducted on the property. Gold and silver are the target commodities being investigated at Maureen.

There are three main gold and silver mineralized hosting structures observed to date on the property:

1) La Escondida Vein: exposed by adit near a dry creek bed;
2) La Suerte Vein structure: excavated in the workings of the San Francisco Mine;
3) Tepehuaje and the Zapote lenses: each approx. 1 m by 1 m by 7 m, located in rhyolite and rhyolitic tuff, respectively.

The local topographic relief is expressed by volcanic mountains of up to 1200 m above sea level. The underlying valleys consist of basalt plains and occasional low and steeply sloping ridges. Local vegetation along dry ridges and slopes consists of sparse tree cover, low bushes and grasses. Creek bottoms and valley floors are covered by dense brush and jungle-like growth. The presence of intermittent streams and springs are reported in previous studies.

The climate is moderate with little variation throughout the year. April through September is warm and humid. October to March has a more temperate climate, with cool nights. June to October is a heavy rainy season which can impact the accessibility of the secondary roads to the property. Annual average precipitation is around 1000 mm/yr.

Maureen is readily accessible by vehicle by traveling 17 km south of Tepic, on Federal Highway 200 Tepic – Puerto Vallarta. At the turnoff to La Curva, travel east for 7 km to the town of La Curva along the secondary paved road. From La Curva, it is approximately 5 km by dirt road to the center of the property. The road condition is likely impassible in the high rainy season. The drive is about 1 hour from Tepic under average conditions.

The closest populated town is La Curva (population approximately 200), which is 5-6 kms by dirt road from the subject property. The closest major city centre, the city of Tepic, which is 17-18 km by dirt and paved road, has a population in excess of 300,000. Rail is accessible at San José Costilla, 1.5 km from La Curva. Air travel is readily available at Tepic, and Puerto Vallarta.

A significant amount of infrastructure and support services are accessible to the project. A road infrastructure exists all the way to the property. Water is available at the nearby town of La Curva. Electricity, mail and phone services are also available at La Curva. A rail line; “Ferrocarril del Pacifico”, is accessible at the populated center of San José Costilla, 1.5 km from La Curva. The city of Tepic has an abundance of labour and equipment providers available to provide personnel and services to any future exploration and/or development of this property.

Regional Geology

The most prominent geological features in the area are volcanic calderas whose associated land features and rock distribution dominate the landscape and land forms. The Maureen property is located on the northwest flank of Caldera El Hermitario, a large caldera located approximately 10 kms to the southeast. The bedrock on the property is comprised exclusively of extrusive igneous rocks of basic and felsic composition.

The felsic rocks are represented by middle Tertiary - Oligocene rhyolitic tuffs which constitute the host rock for most of the hyrdrothermal mineral deposits.

The area comprising Maureen lies in an area of relatively low magnetic geophysical relief as would be expected for felsic volcanic rocks of the types present. Higher magnetic anomalies in the southeast, northwest and northeast corner of the geophysical map correspond to andesitic volcanic rocks.

The area has been highly affected by hydrothermal alteration and associated quartz veins and brecciated zones. These hydrothermal activities give rise to the presence of hydrothermal mineral deposits (in this case, low-sulphidation epithermal gold-silver), of which Au and Ag are noted to occur in the rhyolitic sequence.

Basalt flows are represented by the presence of stratigraphically younger basalt layers unconformably overlying the rhyolitic volcanics. The basalt essentially formed as valley filling events. The most common rock type present at surface is the felsic volcanic rocks (rhyolite and rhyolitic tuff). There are three north-northwest trending structures spaced between 600 m and 1.2 km apart, and an additional northeast trending structure in the center of the area. The La Suerte structure and the La Escondida structures are roughly parallel to each other and correspond to the two main structures in the north-central part of the project.

These structures have associated hydrothermal alteration that has resulted in the formation of quartz veins and brecciated zones ranging from tens of centimeters to a few meters in thickness. Gold grades in these zones seem to be loosely correlatable to depth of the mineralized system. Most showings give unimpressive first assays from surface, as the grade, at this stage of the investigations, appears to increase with depth from surface to at least 15 m.

The orientation of the structures at La Suerte and La Escondida are sub-parallel, dipping to the northeast from 45 degrees to vertical. The vein at the San Francisco mine has a widely variable dip. The Maureen property is a typical example of a Low-sulfidation, epithermal gold –silver deposit type. Its characteristics are so classic as to make it nearly a text-book example.
The following is a brief listing of the low-sulfidation epithermal precious metal deposit type characteristics observed at the Maureen property:

- Highly altered quartz veins, stockworks and breccias carrying gold and silver;
- Ore grade material commonly exhibits open-space filling textures and is associated with volcanic-related hydrothermal to geothermal systems;
- Volcanic arc tectonic setting and depositional environment;
- Similar age of mineralization;
- Ore mineralogy is low in sulfide bearing minerals; and,
- Structure or fracture related ore control.

It appears that the La Suerte zone is open to depth and further sampling will help determine if the grade continues to improve with depth. A program of drilling to test the relationship of depth to grade is recommended. The presence of an Opal cap is also observed as part of the geologic model for the project, with an opal prospect located stratigraphically above and to the north of the San Francisco mine.

Mineralization
There are two main mineralized structures on the property, The La Suerte vein structure is seen at the San Francisco Mine location. The La Escondida vein structure is approximately 100 meters to the southwest of the San Francisco Mine. A couple of smaller zones of interest have been observed in the mine workings, they are called the El Tephauje and El Zapote veins. The La Suerte vein consists of brecciated fault zone material and open spaces with lenticular vein infilling. Minera Ixtlan (2003) reports that the zone has been traced along strike for 600 meters. The zone trends northwest, dipping 40 to 85 degrees to the southeast and is reported to have an average thickness of 1.3 m. The El Tephauje and El Zapote veins are part of the La Suerte structure which is exposed in the San Francisco Mine workings.

The economic ores are represented by small quantities of free gold, tiny disseminations of black silver sulfurs and disseminated pyrite inside of a waste rock of quartz, partially amorphous white grayish to crystalline, occasionally forming tiny druses with hexagonal glasses. Secondary alteration minerals include limonite, hematite, and pyrolusite.

Mineral Resource and Mineral Reserve Estimates
No mineral resources or reserves are being prepared or known at this time.

Drilling & Geochem
The company has finished the phase 1 drilling as per 43-101 instructions. Above the drilling plan of 7 holes the Company drilled two additional holes to cut the structures perpendicularly. All holes crossed structures with wider intersections than the superficial showing. Drilling was done by Worldwide Drilling, a USA driller out of Torreón, Mexico. Drilling cores are bowed, labeled and stored in an orderly manner. Cores have been cut and sent off to assay through a certified lab in Vancouver. Samples were prepared at Sonora Sample in Hermosillo, a TSX certified lab for sample preparation. Samples were prepared under the supervision of Dr Alfredo Parra, QP mining.
The Company has also begun the soil sampling as per Mr. Parent's report.

Maria Property ("San Juan Nepomuceno")
The Company commissioned Luc Rioux, P.Geo of Luc Rioux GeoServices to prepare a report with respect to the property. The author was retained to supervise and propose exploration programs within the NI 43-101 standards. Mr. Rioux is a "Qualified Person" for the purposes of NI 43-101.

Location and Access
The Maria property is located approximately 167 kilometers NNW of Mexico City, 89 kilometers ENE of the city of Querétaro and 200 kilometers SE of San Luis Potosi. From Mexico City you travel on toll highway (autopista) #57 to the city of San Juan del Rio, from there you travel NNE on National #120 through the towns of Tequisquiapan, Ezequiel Montes, and Vizarron.

Approximately 5 kilometers north of Vizarron there is a turnoff that goes to the village of San Joaquin. 18 kilometers from the turnoff there is a secondary road that goes to the village of El Doctor. 5 kilometers onto that road there is a dirt road that goes to the El Suspiro Ranch. The mine entrance is located approximately 11 kilometers from the village of San Joaquin. From Mexico City the total travelled distance is approximately 290 kilometers and from San Juan del Rio it is approximately 105 kilometers. The area is characterized by strongly mountainous terrain with a maximum elevation of 3,250 meters a.m.s.l at the Cerro del Espolon, and the lowest lying area in the floor of the Rio Moctezuma is 850 meters a.m.s.l.

Claims (concessions)
The property is comprised of 4 contiguous claims located in the municipality of Cadereyta, state of Querétaro, Mexico. The San Juan Nepomuceno claim covers an area of 14 hectares. The San Juan 2 claim covers an area of 43.1004 hectares. The San Juan 3 claim covers an area of 142 hectares. And finally the San Juan 4 claim covers an area of 94 hectares. The total covered area is 354 hectares of which 266 hectares are of the exploration type and 88 hectares are of the exploitation type. The owner of the concession is Sr. Vincente Arreguin Vega. Norma Mines has a contract for these concessions with Mr. Arreguin. The Company has until January 2009 to explore the area without financial commitments. At the end of January 2009 a payment of USD $1,000,000 is required if the project continues, and an annual payment of USD $1,000,000 in January of 2010 and 2011 are required in order to complete the buyout of the property.

Surface rights
The surface belongs to both Mr. Arreguin and the community. The Company has had meetings with both the community and the mayor of the municipality. All these approaches have been cordial and we see no difficulties arising. The community has given us access to water for the exploration process.

History
It is well known that the Spaniards were working within the mining district of San Juan Nepomuceno, however there is no accurate data pertaining to that period. In 1870, Mr. Victor Beaurang, General Consul of Belgium in Mexico installed the first smelter in Maconi. In the late 1930's the exploitation of the mine was re-established by the British company O.J. Braniff who installed a smelter near the mine workings of San Juan Nepomuceno. In 1951, the Compania Minera La Esmeralda was operating two mines within the area: the San Juan Nepomuceno and the Santo Entierro. From 1962 to 1965, the Compania Minera San Miguel Zimapan was mining oxides from the Santo Entierro mine. In 1980, Mr. Marin Torres Herrera and Mr. Vincente Arreguin Vega installed a flotation mill on the grounds of the San Juan Nepomuceno mine in order to produce silver, lead and zinc which was extracted from the Pinal de Amoles and Rio Blanco mines. The plant mostly processed minerals from other mines.

Regional geology
The state of Querétaro is located between the following geological provinces: 1) Plataforma Valles-San Luis Potosi, 2) Eje Neovolcanico and 3) Cinturon Mexicano de Pliegues y Fallas. According to the nomenclature of the Tectonostratigraphic Terranes of Mexico the state of Querétaro is part of 3 distinct terranes: the Sierra Madre, the Guerrero and the Toliman.

The stratigraphic column of the state comprises rocks that range from the Upper Paleozoic to the Quaternary. The lithologies are mostly made of marine sedimentary rocks, terrigenous sedimentary rocks, volcanics, conglomerates and Quaternary alluviums.

By the end of the Triassic period, there occurred some graben tectonic events which find their origin in the tension movements of the North American tectonic plate and the South American tectonic plate. These depressions were then filled by beds of red bentonites of the Huizachal Formation of the Triassic.

After this event, a marine regression took place which deposited limestones and terrigenous sedimentary rocks and evaporates from the Trancas Formation. It is during the Upper Cretaceous period that the reefs of the El Doctor Formation and the sandstones and lutites of the Soyatal and Mezcala Formation were deposited in shallow seas.

During the Laramide Orogeny (Cretaceous-Tertiary Period) the sedimentary rocks were intruded by dioritic and granodioritic stocks which were followed by volcanism. These events were followed by a series of marine regressions which resulted in the deposition of clastic continental sediments such as the El Morro Group and the subsequent Eje Neovolcanico Formation comprised of rhyolites, dacites and andesites which occurred until the Pleistocene Era. Along with the withdrawing of the oceans more terrigenous sedimentary rocks were deposited which formed the Tarango Formation and in the Quaternary Period.
These were the last expressions of the basaltic volcanism.

Local Geology
Within the property limits and the mine workings, the outcrops are comprised of the El Doctor Formation (Lower Cretaceous) and in concordance with this Formation was deposited the Soyatal-Mezcala Formation (Middle to Upper Cretaceous).
All the mine workings are located within the El Doctor Formation in the La Negra and Cerro Ladron facies.

The La Negra Facies is comprised of carbonated lutites and black colored, moderately to strongly fractured limestones in layers of 10 to 30 centimeters thick which serve as country rock for the mineralization, not only within the mine itself but also in most of the San Joaquin area. The La Negra facies can be correlated with the Cuesta del Cura Formation in other areas of Mexico and is associated with a shallow carbonated basin type of depositional environment.

The Cerro Ladron facies is a light to dark grey colored, moderately fractured limestone with beds ranging in thickness from 90 centimeters to 5 meters.

In the general vicinity of the mine area, dioritic to granodioritic intrusive bodies outcrop here and there. They can be observed in the surrounding mines (el Monte, el Carrizal, Santo Entierro, and Flor de Mayo) in which skarn type deposits have been outlined.

No intrusive was ever delineated within the mine workings of the San Juan Nepomuceno mine. Although geophysics carried out by COREMI suggest that there might be some intrusive stocks at greater depths.

Structural Geology
The area has undergone intense fracturation associated with the Laramide Orogen and possibly with the intrusion of a granitic stock at lower depths. Locally the mine is located within the Maconi Syncline. Conjugated faulting exhibit two (2) preferred orientations: one is N-S with a dip of 40° to the E, the other one is NW-SE with a dip to the SW. It is believed that the mineralization is mostly concentrated within the second set of faults (NW-SE).

Mineralization
The mineralization occurs as chimneys, veins and mantos that are mainly comprised of oxides and sulphides of silver, lead, zinc, copper, mercury and antimony. The surrounding wallrocks are the limestones of the El Doctor Formation. The lutites of the Soyatal Formation are associated with a deep rooted granodioritc to dioritic stock located at greater depths. Close to the contact there is some moderate temperature mineralization represented by silver, lead, zinc and copper, whereas the periphery of the contact is delineated by lower temperature type of mineralization such as mercury and antimony.

The 1998 COREMI study of this deposit has classified it as being of epithermal origin. The mineralization is defined as occupying the spaces between the layers of the sedimentary rocks, the crosscutting fractures and in some cases within cavities of dissolution. The suspected intrusive body (granodiorite to diorite) is not observed within the mine workings but is expected to possibly be found at greater depths.

Minerals of lesser importance are iron oxides and sulphides of silver, lead, zinc and antimony. Minerals such as stibnite, galena, and sphalerite along with sulfosalts of silver and native silver and smithsonite, jarosite have been reported within the mine workings. The gangue minerals are for their part composed mainly of calcite and minor rhodochrosite.

90% of the deposit is found as a “manto” type deposit. The remaining 10% is located within mineralized fractures. The “manto” has a general strike of N280° with a dip of 30° to the SW, it is 80 meters long and varies between 30 centimeters and 5 meters in thickness.

Current state of mine workings
The current mine workings at the San Juan Nepomuceno mine now extend for a length of 1,440 meters subdivided into shafts, crosscuts, rises with average mining widths of 2.0 x 2.0 meters. These workings were done in order to extract mainly mercury.

The Socavon crosscut is a crosscut mostly located in gangue rock that was established to connect the Santo Entierro and Maconi mine workings with the El Doctor shaft. It is 720 meters long with a general azimuth of N283°. It was established mainly for ventilation purposes and hauling the ore to the mill site.

The El Doctor shaft was originally a 30 meters deep vertical shaft but was deepened for 500 meters on a 30° inclined angle.

Inclined shafts within the Socavon crosscut: At the far end of the Socavon crosscut an inclined shaft was made which is 100 meters long on a 20° incline. This inclined shaft communicates with another one which is 475 meters long on a 45° incline. Approximately 275 meters from this last working there is a 40 meters long crosscut with at the end a 20 meters deep vertical shaft.

Proposed work
The Company has completed its diamond drilling to define the mineral configuration and the mine access tunnel has been enlarged. Currently the Company is focusing its resources towards to projects with near-term production.

Permitting
Environmental permitting has been finished with federal departments. This permitting includes trenching and access roads. Since exploration will be underground, the diamond drilling does not require a permit.

Infrastructure
More underground work needs to be done in order to rehabilitate the old workings, render them more secure and supply sufficient ventilation in order to be able to continue doing exploration work from underground and perhaps take out some ore material to send for metallurgical testing.

At the end of January 2009 a payment of USD $1,000,000 is required if the Company decides to explore the property further and will include additional payments of USD $1,000,000 in January of 2010 and 2011.

Melissa Property (formerly "Las Minitas and La Costa")

The Company commissioned Luc Rioux, P.Geo of Luc Rioux GeoServices to prepare a report with respect to the property. The author was retained to supervise and propose exploration programs within the NI 43-101 standards. Mr. Rioux is a "Qualified Person" for the purposes of NI 43-101.

Location and Access

The project is located approximately 50 kilometres WNW of the city of Hermosillo, state of Sonora, Mexico. Access is achieved by traveling on highway 88 connecting Hermosillo to Mina Pilares (an open pit, wollastonite mine), and then a dirt road which is in good condition is passing to the north of Mina Pilares and of highway 88. This road goes toward Rancho La Reforma. The total drive is approximately 90 kilometres. The project is located within the municipality limits of Hermosillo.

Claims (concessions)

The project is comprised of three concessions that cover a total area of 4,900 hectares. The two small claims "Las Minitas" which cover 100 hectares each, have all the location work done (surveying). The bigger claim the "La Costa" has also registered with the Mine Agency.

Surface rights

The surface has two different types of owners, the eastern portion is private property, and the western portion is "ejido" (communal) land. We have started communication with both parties, and we foresee no major problems with the land owners.

Geology

The oldest rocks in this area are Paleozoic marine limestones, sandstones, conglomeratic sandstones, conglomerates and sedimentary breccias cemented by reddish coloured carbonated muds. There are Laramide Orogen associated intrusives on the southern limit of the property and Tertiary volcanic rocks in the general surrounding area. The morphology of the area consists mainly of small outcropping areas of approximately 50 metres in elevation. The low lying areas are for the most part covered with alluvial material and Quaternary gravel.

Structural Geology

The sandstones are generally more fragile than the limestones thus show more of brecciated and fractured textures, whereas the limestones will exhibit a more ductile type of deformation: near the major faults they will show some folding rather than brecciation or fracturation.

The fracturation and injection of veinlets will often exhibit a preferred orientation and show a shetted vein system and shear zones textures. The shear zones are usually oriented at N020° with a vertical dip. The thrust faults and reverse faults usually show a NNW orientation.

Mineralization

There are two types of mineralization; the first type consists of a replacement system within the limestone by hematite and quartz. The second type, which is the most important and dominant, are breccias and shear zones within the sandstones. The shear zones exhibit an external zonation of manganese oxides that have a patchy texture and the centre portion of these shear zones show fracture filling with hematite (specularite) and quartz. Near the main working, visible gold was observed within samples where the rock was crushed for panning purposes.

The mineralization is mostly associated with veinlets and fracture filling comprised of hematite, quartz, jarosite and alunite (both being potassic sulfates). There is very little fresh pyrite. The quartz veining can be classified into two types: the first type being of segregation, the second type being of open-space filling texture.

Target Type

The center of the project are small outcrops with hydrothermal alterations, most of the outcrops are covered with alluvial material and gravel. The visible outcrops show breccias, shearing and sheeted quartz veins with hematite.

Recent work

A geological mapping program at a 1:250 scale in the center area has been completed, where 173 samples were collected. They were assayed for Au (fire assay) and ICP for 41 elements. Some samples were also selected for "metallic sieve" assaying. Results from this sampling show a strong correlation between gold, arsenic and lead. The lead rich mineral has not yet been identified.

Hydrothermal alteration

The outcrops that were mapped showed a strong alteration pattern of veinlets and fractured filling with hematite (specularite) which is generally oxidized into hematitic limonite.

Quality Assurance/Quality Control
The procedure for monitoring the quality control of the laboratory was to sample a duplicate every 20 samples. A total of 7 samples were thus duplicated.

Proposed work
The Company is continuing its trenching work on this property.

Infrastructure
Half of the access road is paved. Electricity is also some 30 kms from the center area. Electricity can be accessed about 15 kms away. Water for drilling has been dealt with the Ejido.

Permitting
The Company has processed the exploration permitting required by Mexican law. This permit allows drilling, drill pads and access roads for the initial exploration stage.

To maintain the property, the Company has a financial commitment to make mining concessions payment in the amount of USD $30,000 on or before January 2009 and USD $30,000 on or before June 2009.

Mercedes Property (formerly "Yecora")
The Company commissioned Luc Rioux, P.Geo of Luc Rioux GeoServices to prepare a report with respect to the Property. The author was retained to supervise and propose exploration programs within the NI 43-101 standards. Mr. Rioux is a "Qualified Person" for the purposes of NI 43-101.

Location and Access
The Property is located approximately 200 kilometers ESE of Hermosillo, state of Sonora, Mexico. Travelling on route #16 going towards the Sonora - Chihuahua border it is 250 kilometers from Hermosillo and takes a little over 3 ½ hours of travelling time. The first 100 kilometers are in a valley floor, the road is fairly straight but the remaining 150 kilometers are in mountainous terrain and have many dangerous curves, so this is why the travelling time is longer. The main access to the property is not very far from the main highway #16. In less than a kilometer ENE of the turnoff the main highway, we are at the hill called La Lamosa where most of the reverse circulation drilling was done in 1996 by Compania Minera Fernanda S.A. de C.V.

Claims (concessions)
3 claims, La Mina del Oro, titulo 207983, 16 hectares. Ampliacion Mina del Oro, titulo 217854, 251.7 hectares. C.R., titulo 212937, 93 hectares. The owners of the claims are Sr. Rodolfo Cuevas Coffey of Ciudad Obregón, Sonora, Mexico.

Surface rights
Surface is part of the Ejido Santa Ana,. communal organization. We have contacted the Ejido and they are very willing to come to an agreement. We do not foresee any problems with land owners.

Regional geology
The oldest rocks in the area are igneous in composition (intrusives and extrusives) and of Cretaceous age. The intrusives are comprised of granitic (granite - granodiorite) stocks. The extrusives are mostly made of folded and altered andesitic tuffs. Above these units there are some pinkish colored rhyolitic tuffs, ignimbrites, breccias and agglomerates of Lower Tertiary Age. Along with the rhyolitic extrusives there are some andesitic flows which exhibit a dark grey to purple color. Overlying these units there is a polymictic conglomerate of Upper Tertiary Age which shows discordance with the underlying rhyolites, andesites and dacites. All the units are overlain by Quaternary olivine basalts exhibiting vesicular textures.

Local Geology
The local geology of the Property is mostly underlain by aphanitic to locally porphyritic textured andesites which show a grey to pistachio green color on weathered and/or fresh surfaces. The dominant alteration is propylitic (chlorite and epidote). The contact of this unit with the quartz-feldspar porphyry (QFP) is strongly brecciated. The intrusive (QFP) is light grey in color and weakly to moderately silicified. It is often crosscut by andesitic dikes. The dominant alteration within this unit is phyllic in composition (quartz and sericite), especially at the contacts with the andesites. Overlying the above mentioned units is a volcanic complex of Upper Tertiary Age which is divided into 2 separate units: the lower volcanics mostly comprised of andesites and dacites and the Upper volcanics mostly comprised of ignimbrites, breccias and agglomerates.

Structural Geology
The contact between the QFP and the andesites has a general trend oriented ENE (N050°) with a dip towards the SSE.

This contact is in turn crosscut by shear zones and faults that are oriented NW-SE and exhibit a variable dip or plunge sometimes to the NE and at other times towards the SW. The contact between the Oxide Zone and the Sulphide Zone is trending NE-SW with a dip towards the SE (somewhat parallel to QFP/andesites contact).

Hydrothermal Alteration
Alteration patterns exhibit a zonation from the centre of the ore body as being of phyllic type (quartz and sericite), grading into an argilitic type (kaolin and sericite) at the contacts or limits of the orebody and then into a propylitic (chlorite-epidote) type as one moves further away from the orebody and well within the andesites. There is some tourmaline alteration near the extreme NE corner of the orebody but it doesn't seem to have any implication or association with the deposition of gold. As far as the iron oxides are concerned they are mostly altered into limonite and hematite. Where this latter type of alteration is strong there seems to be less gold, whereas if it is weak to moderate there are better chances of finding gold.

Mineralization
There are several deposits of precious and base metals within the surrounding area of the Mercedes Property. The Mulatos deposit (gold) is located some 40 kilometers to the NE. The Santa Ana deposit (copper and silver) is located some 13 kilometers to the SW. The La Trinidad deposit (silver) is located some 15 kilometers to the NE. It is also quite common to find within the surrounding area some small pits and adits that were exploited for their tungsten content.

The Mercedes deposit (gold and silver) is mostly comprised of a brecciated and sheared porphyritic intrusive (QFP) in contact with andesitic flows and tuffs. The mineralization can be classified has being of hydrothermal type, comprised of quartz stringers and veinlets and also of crystallized open space filling type. There seems to be a close relation between the quartz and the deposition of gold, especially within the silicified zones. There also seems to be more gold within the oxidized zone than the sulphide zone where in both cases the main sulphides that are present are fine grained disseminated pyrite with minor amounts of arsenopyrite. The oxidized zone is believed to be approximately 50 meters thick, whereas the orebody is approximately 35 meters thick, 85 meters wide and has been defined to date to be some 80 meters long, although the inferred length of this orebody could extend to as much as 200 meters in strike length. This would have to be confirmed by doing further drilling. The main control on the mineralization is structural, through faults (thrust faults, normal faults and reverse faults) and shear zones. To the SW of the Mercedes orebody there is a fault showing a general trend of N325° with a 75° dip to the NE. This fault marks the contact between the QFP and the andesites. 110 meters NE of that previously mentioned fault, there is another fault oriented N310° and dipping 75° to the SW. On the northwestern edge of the deposit the contact between the QFP and the andesites has been determined to be N030°. The most northeastern portion of the orebody is comprised of numerous intersections of faults showing variable orientations which have provoked an intense shearing pattern which enabled the hydrothermal fluids to circulate and thus carry the precious metals within the deposit.

Recent work
Prior to current drilling, the last work that was performed on this property was done by Compania Minera Fernanda S.A. de C.V in 1996. The Company has drilled 1,018 meters of reverse circulation drilling in 15 drill holes. This work has roughly outlined the minimal size of the orebody has being 35 meters thick, 85 meters wide and has been defined to date to be some 80 meters long, although the inferred length of this orebody could extend to as much as 200 meters in strike length. This would have to be confirmed by doing further drilling. A preliminary resource estimate was conducted by Sr. Leopoldo A. Diaz Encinas in his report titled "Reporte Tecnico, Evaluacion Preliminar Geologica-Metalurgica, Proyecto Yécora" dated November 23, 1996. This evaluation was not prepared in compliance with the current CIM standards and definitions for estimating resources as required by NI-43-101. The rough estimates of these resources are being evaluated at 465,000 tons with an average grade between 1 and 1.5 grams per ton.

Proposed work
For the time being, the only work which is recommended is to conduct a geological mapping and sampling program in order to outline the limits of the orebody and to better define the attitude of the contacts between the QFP and the andesites as well as determining the altitudes of the numerous faults located within the Property limits. More compilation work is required to better define drilling (core drilling) targets.

Permitting
Environmental permitting is in process and will be finished in 1 week (May 24). This permitting is for exploration work, drilling, trenching and access roads.

Infrastructure
The La Lamosa hill which is the main drilling target is located within a kilometer of the main highway # 16 that goes from Hermosillo to Yécora, Sonora. Yécora is a town of about 3,000 located 16 kilometers ESE of the Property. The topography of the area is very hilly and thus making it difficult to do exploration work (especially diamond drilling). Water needed for the drilling would have to be hauled to the drilling sites.

PERU

The Company has entered into a lease agreement on the Chimu project in Ancash, Peru to continue the exploration efforts undertaken by current owners. The agreement covers a project comprising of 18 concessions in good standing and duly registered at the Peruvian Ministry of Mines and Energy. These concessions belong to different owners and they are divided in three groups: Chimu, Mimetal/Bolognesi and Trujillo claims. Otherwise, Norma Mines Peru S.A. Company owns 6 concessions which are part of the Tablachaca Project.

During the period ended September 30, 2008, the Company has made a decision to return the properties to the respective owners due to the significant payments in the near term; however the Company remains in active discussions relating to potential joint ventures for these properties.

Chimu, Mimetal/Bolognesi and Trujillo East Projects

They cover the entire area of the three-group of claims previously named. At the end of 2007, the Company retained Luis Salazar Suero y Asoc., (LSS y Asoc.,) to explore the entire property. Norma Mines Peru also commissioned Dr. Owen Miller to prepare a Technical Report and proposed an exploration program on the Chimu Project. Mr. Miller is a "Qualified Person" for the purposes of NI 43-101.

Location and Access
The property is located in Peru, on the west coast of South America. It is located in the province of Pallasca, Ancash. The concessions are accessible through 400 kms of paved road from Lima to Chimbote, a port city in the coast of Peru, followed by a three hours truck ride through paved road to the Cabana city and 15 kms of road along the Huandoval, Huacaschuque, Inaco y Pallasca towns.

The present landforms are the result of rapid uplift of the Peruvian Cordillera with resultant rapid down cutting by rivers and streams, resulting in deep stream valleys with steep valley walls. The elevation claim groups ranges from about 2,000 meters in the Huandoval rivers bottom to an elevation of 3,900 meters at Cuchupayco Hill, at the extreme southeast of the property.

Claims (concessions)
The property is comprised of three groups of contiguous concessions known as The Chimu, Mimetal/Bolognesi and Trujillo/Campanario de Oro Group.

The Chimu Group Concessions are located in the districts of Tauca, Pallasca, Huacaschuque and Bolognesi, Province of Pallasca, Ancash. They cover a total area of 3,902 hectares, comprising: The Altai 7 claim, which covers 400 hectares, the Chimu-6A claim which covers 300 hectares, the Chimu-6B claim which covers 202 hectares, the Aura Tres claim which covers 100 hectares, the Chimu 7-A claim which covers 400 hectares, the Chimu 7-B claim which covers 200 hectares, the Chimu 7-C claim which covers 200 hectares, the Correr claim which covers 1000 hectares, the Campanita 1 claim which covers 100 hectares and the Pallaquero claim which covers 1000 hectares.

The Mimetal/Bolognesi Group consists of three concessions located in the District of Bolognesi, Province of Pallasca, Ancash. It comprises: The Aura 1 claim which covers 225 hectares, the Aura Cuatro claim which covers 600 hectares, the Camotito claim which covers 200 hectares and the Aurífera Geomin claim which covers 242 hectares.

The Trujillo/Campanario de oro Group consists of three concessions located in the Districts of Huandoval, Bolognesi and Cabana, Province of Pallasca, Ancash. It comprises the Shonita N° 3 claim which covers 300 hectares, the Angelica Gabriela claim which covers 196 hectares, the Campanario de Oro claim which covers 196 hectares and Taurivara N° 1 claim which covers 391 hectares.

Surface Rights
The Peruvian Law does not vest surface rights with mineral rights and any proposed development requires the developer to purchase the surface rights or make an appropriate agreement with the surface rights owners to have access to the property.

Regional Geology
The concessions area is situated on the Eastern flank of the Cordillera Occidental of the Andes. The regional geology consists of rocks of the Upper Jurassic and Lower Cretaceous age: black shales of the Chicama Formation, quartzites interbedded with anthracite of the Chimu Formation and limestones, sandstones and shales of the Santa and Carhuaz Formations. These sediments are unconformably overlain by Lower to Middle Tertiary andesitic to dacitic volcanics of the Calipuy Group. Granodioritic instrusives of the Cretaceous Coastal Batholith occur to the west while; in the east, the shales of the Chicama Formation have been intruded by the northern extension of the Cordillera Blanca Batholith. The sediments have been strongly deformed and folded with north-west south-east axis to the folding and there are a number of major north-west south-east faults. Quaternary fluvial and alluvial deposits fill the valley floors.

Local Geology
The property is underlain by sediments of the Chicama and the Chimu Formations which outcrop in about 90% of the property. These are deformed and folded by north-west south-east faults. Tertiary granodiorites, offshoots of the Cordillera Blanca batholith intrude the Chicama Formation.
There is a great number of granodioritic intrusives of the Upper Cretaceous to the Lower Tertiary age in the area but also numerous, small unmapped rhyolitic and dacitic porphyry dykes and sills.

Deposit Types
The main deposit type on the Chimu property consists of precious and base metal mineralization associated with granodioritic, dacitic to rhyolitic bodies intruded into the shales and sediments of the Chicama Formation.

Mineralization
Two main styles of mineralization are developed on the property: narrow veins or mantos in Canaymonte and Cuchupayco and zones of stockwork and disseminated mineralization in Pallaquero and Gerardo. The best developed stockwork and disseminated mineralization observed was in the area of Inaco and extended onto ground covered by 3rd parties. Mineralization consists of stockworked and disseminated pyrite, quartz, arsenopyrite, galena and sphalerite.

Chimu (Altai 7, Chimu-6A, Chimu 6-B, Aura Tres, Chimu 7-A, Chimu 7-B, Chimu 7-C, Correr, Campanita Uno, Pallaquero)

Several scattered gold mineralization occurs in these concessions. In Huacaschuque, an intrusion zone of diorite-granodiorite >1Km in diameter stopped its way up engulfing chunks of slate being thus, difficult to map individual patches of intrusive or slate. The interesting feature in this area is an elongated body of silica (quartz) trending roughly N-S, inside this intrusion zone. On the Northern extension of this body, in the shales, there is a vein system consisting of a short (100 >) subvertical vein and a manto vein which have been mined out in the past (Susana claim). The ore have gold values above 5 grams and associated with this intrusion zone, there is also a cluster of anomalous gold values in the vicinity of Huacaschuque town, just NW of it these anomalous values, which approach economic gold values and they are brought about by centimeters thick microveining, spaced every 10 – 20cm (not dissemination), in the shales, very close to the contact with the intrusive which in fact underlies the town. Many of these microveins are very low dipping (subhorizontal). The samples were collected from road cuts.

At Inaco, it exists one mineralized bed of 0.5 m. thick, into a sequence of shales which yielded gold values above 5 grams, another bed is been currently worked by small-scale miners. In the Pallaquero Concession exists an important intrusive of 1000x600 metres which, is a fractured and silicified intrusive body, with local stockworks and breccias. Previous sampling yielded gold values in the range of ppb and copper values above 100 ppm, a moderate anomaly, which coincides with the outcrops of some chalcopyrite and also, some molybdenum is associated with this body. One line surveyed by induced polarization along the Pallaquero intrusive shows areas with moderate chargeability values and high resistivity. Other interesting bodies of hydrothermal altered intrusives also outcrops in the Peña Preñada and La Cruz although sampling failed to yield gold values of economic importance.

There are no further financial commitments for the Company concerning the Chimu property.

Mimetal/ Bolognesi (Aura 1, Aura 4, Aurífera Geomín, Camotito)

Vein mineralization is well developed at Aurífera Geomin concession where the most interesting and best developed are horizontal veins hosted by a medium grained granodiorite, that outcrop at the west side slope of Canaymonte Creek. There are up to six parallel veins in this area and they can be up to 200m long and are stacked over a vertical interval of around 100m. Workings reportedly run 40-50m into the hillside. The high arsenopyrite content has led to heavy sulphate production and killing off of the vegetation so that the mantos show up as white zones.

The veins are sub-horizontal to horizontal and typically 0.5-1.0m thick with heavy stockworking and fracturing 0.5-1.0m either side of the vein. The mantos themselves consist of quartz, pyrite and arsenopyrite. Alteration in the wallrocks is quartz-sericite with disseminated sulphides and stockworking and does not seem to extend more than 1-2m either side of the mantos. At Canaymonte, in addition to the mantos, a major fault runs up the creek. There are abundant disseminated and fracture controlled sulphides, both in the granodiorite and in the wallrock black shales on the southern side of the creek, although they content gold values lesser than 1 gram. A group of two similar veins filled with quartz and arsenopirite and gold occurs in Aura Tres concession, at La Cruz area. They outcrop along 100 metros.

There are no further financial commitments for the Company concerning the Bolognesi property.

Trujillo (Shonita 3, Angélica Gabriela, Campanario de Oro, Taurivara N° 1,)

The manto mineralization occurs at the Campanario Concession and it is remarkably similar to Canaymonte with 0.5-1.0m thick horizontal quartz-pyrite-arsenopyrite veins bounded by 0.5-1m of heavy fracturing and alteration hosted by intrusive rocks. These veins have been worked by branching tunnels that extend over and area of some 80 x 60m. The main difference between the veins at Cerro Campanario is that there is a moderate to strong oxidation of the sulphides in the veins and especially in the wallrocks.

Assays results for the sixteen 16 underground samples have yielded an average of 6.41gr Au/Tm for a thickness of 0.46m. Gold values can be as high as 13gr Au/Tm and thicknesses as much as 1.5m. Silver is in the order of 4 oz Ag/Tm, contributing to the value of this ore. These silver values contrast with the very low values of the Canaymonte mantos and indicate an increase in the silver ore.

Approximately 1400m to the NW from the mine, another two incipient “mantos” occur, both at Campanario de Oro and the Shonita 3 Concession, into a sequence of quartzites and shales with a general E-W bearing and dipping ±30°S. Both have been explored by long caved workings in the past. The upper manto yielded 1.007gr Au/Tm for a 0.3m thickness. The lower manto is a rather made by a patchy silicification and quartz veining in a belt 2-3m wide of altered shale. Samples yielded 0.450gr Au/Tm and 1.664gr Au/Tm respectively.

It should be noted that these are not representative, just indicatives of the presence of gold. Silver in this area is very low (1-2ppm). Apart of the mentioned structures, no other significant mineralization was observed in the Trujillo east properties.

There are no further financial commitments for the Company concerning the Trujillo property.

Tablachaca Project

Location and Access
The Tablachaca river property is located in Ancash in the province of Pallasca. It covers a lengthy strip extending some 12 km north-east The concessions are accessible through 400 kms of paved road from Lima to Chimbote, a port city in the coast of Peru, followed by a 93 kms of paved road to Quiroz village and then two hours truck ride up the road paralleling the Santa and the Tablachaca rivers to the exploration camp which is located at the confluence of Tablachaca and Huandoval (Sacaycacha) rivers. The average elevation of the property is approximately 1,500m. The terrain on which the concessions are located is characterized by severe reliefs with deeply incised valleys and very steep slopes.

Claims (concessions)
The property totals 1,105 hectares of mining concessions and it is registered under legal names. It comprises the claim Golden 2008-1 which covers 499.8 hectares, the claim Golden 2008-2 which covers 147.1 hectares, the claim Golden 2008-3 which covers 57.5 hectares, the claim Golden 2008-4 which covers 76.4 hectares, the claim Golden 2008-5 which covers 289.4 hectares and the claim Golden 2008-6 which covers 34.9 hectares,

Surface rights
Peruvian Law does not vest surface rights with mineral rights and any proposed development requires the developer to purchase the surface rights or make an appropriate agreement with the surface rights owners to have access to the property.

History
The Pallasca area has been known for its gold production since the mid 1500's when the Spaniards first entered to the area searching for gold. It is highly likely that local people has been panning and sluicing from the Tablachaca River for at least that long. The most appropriate period to carry out this activity is from April to July; due to there are more amounts of metals such as gold, bronze or tungsten. The inhabitants must encamp close to the river for a period of 8 to 15 days to look for the metals in the banks of the Tablachaca River.

Regional Geology
The concessions area are situated on the Eastern flank of the Cordillera Occidental of the Andes. The regional geology consists of rocks of the Upper Jurassic and the Lower Cretaceous age and it consists of black shales of the Chicama Formation, quartzites interbedded with anthracite of the Chimu Formation and limestones, sandstones and shales of the Santa and Carhuaz Formations. These sediments are intruded by intrusive rocks and are unconformably overlain by Lower to Middle Tertiary andesitic to dacitic volcanics of the Callipuy Group.

Local Geology
Locally, the property is underlain by river gravel deposits which overlain sediments of the Chicama and the Chimu Formations. The thickness of the material alluvial has been surveyed by Georadar Method that shows two different layers, the upper one consists of gravel poor cemented of 7 meters of thickness while the lower one consists of 15 meters thickness and it is interpreted as consolidated gravel. Along the Tablachaca river several terraces occur.

Mineralization
A placer gold deposit occurs in the Tablachaca River along the entire property and it extends beyond the limits of the concessions. The gold and associated heavy minerals like wolfram are currently recovered by panning and sluicing by people of the neighborhood. Limited sampling of the Tablachaca River made by Altai Resources yielded 0.3 gr per cubic meter. The gold recovered by occasional miners has different forms such as: scales, plates and nuggets. The gold mineralization comes from the hydrothermal gold scattered along the Pallasca – Cabana area.

Proposed work
In order to define the grades and volume of the gravel of Tablachaca two phases of explorations pits, 5m depth for each, has been planned. The first Phase consists of 24 pits with a backhoe excavator in concession Golden 2008-1. The first 24 pits campaign is to determine if the Tablachaca River contains recoverable economic gold and appreciable volume. If the results are disappointing the Tablachaca Project will be discarded, otherwise a programmed second phase pitting will take place which will allow the Company to calculate reserves. The programmed exploration will start solely after approval of the Environmental Impact Declaration (DIA) by the Ministry of Energy and Mines (MEM) . The DIA is currently under review. On successful completion of the Phase 2 pilot program and the evaluation of the results, a medium scale industrial plant will be put into operation during Phase 3.

Permitting
Permits according to the Peruvian Law and Regulations are necessary to explore and exploit the property.

The proposed above geological exploration depends on approval of Environmental Impact Declaration (DIA) issued by the Ministry of Energy and Mines (MEM). The DIA has been set on General Direction of Environmental Affairs of the MEM and pending approval. To exploit the gravel it will be necessary for an Environmental Impact Study (EIA) including a new Citizen Participation Workshop.

Selected Quarterly Financial Information and Third Quarter Discussion

The following selected consolidated financial information is derived from the unaudited consolidated interim financial statements of the Company for the nine months ended September 30, 2008. The information has been prepared in accordance with Canadian GAAP.

	9 months ended Sep 30, 2008 $	6 months ended Jun 30, 2008 $	3 months ended Mar 31, 2008 $	From Date of Incorporation (May 14, 2007) to Dec 31, 2007 $
Revenues	NIL	NIL	NIL	NIL
General Exploration and Administrative Expenses	3,807,460	2,862,359	1,453,500	1,052,200
Net and comprehensive loss	5,422,133	2,793,889	1,456,205	1,033,871
Basic and Diluted Comprehensive Loss per Common share	0.21	0.11	0.09	0.07
Total Assets	11,913,476	15,711,189	16,458,034	4,667,722

Summary of Financial Results

During the nine months ended September 30, 2008, the Company acquired Norma Mines Ltd. and reported a consolidated loss of $0.21 per share. Norma's deficit and expenses to March 20, 2008 were adjusted using the purchase method of accounting for the Acquisition.

Results of Operations

The Company's net and comprehensive loss for the period ended September 30, 2008 was $ 5,422,133.

Significant expenditures were incurred in the following categories:

(i) The Company incurred stock based compensation of $2,097,263 for 250,000 options granted during the period and 1,926,000 options granted in the prior year;
(ii) The Company wrote-off mineral properties in the amount of $1,731,099. The properties written-off during the period were Chimu, Bolognesi and Trujillo, all the properties were situated in Peru;
(iii) The Company paid consulting fees and salaries in the amount of $649,958 for office and administration.
(iv) The Company incurred general exploration expenses in the amount of $223,594 and relates to the Company's exploration activities in Mexico and Peru.
(v) Professional fees of $253,475 relate to legal and accounting fees during the period. Professional fees were significant during the acquisition phase of Norma during the first quarter.

During the period ended September 30, 2008 the Company capitalized $2,218,969 of expenditures on the Maureen property in Mexico, $2,055,352 of expenditures on the Maria property in Mexico, $2,712,703 of expenditures on the Melissa property in Mexico, $1,198,304 of expenditures on the Mercedes property in Mexico, $890,137 of expenditures on the Chimu property in Peru, $1,417,877 of expenditures on the Bolognesi property in Peru, $922,174 of expenditures on the Trujillo property in Peru, and $93,917 of expenditures on the Tablachaca property in Peru. The Chimu, Bolognesi and Trujillo properties in Peru were written off during the 3 months ended September 30, 2008 due to the significant costs of holding the properties. As part of the costs capitalized on each property, $8,621,387 was capitalized as the fair valuation of the Norma acquisition. The allocation to each property was based on management's best estimates while taking into account all available information at the time these consolidated financial statements were prepared. The allocation of the capitalized amounts may result in a change to the value attributable to mineral properties and future income tax liabilities prior to finalizing the allocation of the purchase price by year end 2008.

Stock Options

On November 22, 2007 the Company granted 1,365,000 options at $0.95 and on November 28, 2007 the Company granted 561,000 options at $1.00. The Company has assigned a fair value of $2,273,265 to these options using the Black Scholes option pricing model and will be expensed over their 6 and 12 month vesting periods. The Company used the following assumptions:

Risk free interest rate:	4.5%
Estimated volatility:	111%
Expected life:	5 years
Expected dividend yield:	0%

For the fiscal period ending December 31, 2007, $335,992 stock based compensation was expensed in relation to the above options. During the nine month period ended September 30, 2008, $850,922 was expensed by March 31, 2008, $626,519 was expensed by June 30, 2008 and $285,711 was expensed by September 30, 2008. The remaining $174,121 will be expensed by November 22, 2008. The financial statements for the periods ending March 31, 2008 and June 30, 2008 did not reflect the stock based compensation expense for the 1,365,000 and 561,000 options stated above. The expense should have been incurred over the vesting period and reflected in these statements. The financial statements for the period ended September 30, 2008 has corrected this omission and reflects the correct expense.

On April 21, 2008 the Company granted 125,000 stock options at $1.60 and 125,000 stock options at $2.00 to an investor relations consulting company. The Company assigned a fair value of $111,371 to these options pro rated over the vesting term of 6 months and computed using the Black Scholes option pricing model. The Company used the following assumptions:

Risk free interest rate:	3.1%
Estimated volatility:	120%
Expected life:	5 years
Expected dividend yield:	0%

Liquidity and Capital Resources

The Company's consolidated cash position at September 30, 2008 was $2,944,442, which was comprised of $972,852 in cash and $1,971,590 in short term money market investments. The short term money market instruments are annual 30-day redeemable guaranteed investment securities that can be fully or partially redeemed after 30 days without penalty and are being held with major Canadian financial institutions.

As the Company is an exploration stage company, revenues are limited to interest earned on cash held with the Company's financial institutions. In the nine month period ended September 30, 2008 the Company recorded interest income of $83,589.

The Company has financed its operations through the sale of its equity securities and trade suppliers. In response to the recent market volatility, the Company has reduced its overhead in order to help conserve the remaining treasury. The Company will be focusing on near-term production projects to increase its treasury.

During the nine months ended September 30, 2008, the Company completed a private placement concurrent with the closing of the Norma Acquisition. The Company issued 1,500,000 units through a private placement at a price of $2.00 for gross proceeds of $3,000,000. Each unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share of the Company at a price of $2.50 per share on or before March 20, 2010. The Company paid its agents commissions totaling $202,550 and administrative and legal fees of $47,450. The agent also received 50,000 corporate finance shares, 28,725 corporate finance warrants and 78,925 non-transferable warrants.

The Company has assigned a fair value of $41,756 for both the financing and agent warrants computed using the Black Scholes option-pricing model using the following assumptions:

Risk-free interest rate:	3.2%
Estimated volatility:	48%
Expected life:	2 years
Expected dividend yield:	0%

The Company has received $89,312 from the exercise of warrants during the period ended September 30, 2008.

As at November 27, 2008, the Company had working capital of approximately $1,850,000. The Company has reduced its overhead in response to the recent market volatility and believes it has adequate resources to progress at least one of its near-term projects and cover overhead for the next 12 months. The Company will not rely on completing additional equity financings to maintain its core activities for the next 12 months.

The Company does not know of any trends, demand, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the exploration programs. The Company does not have any loans or bank debt and there are no restrictions on the use of its cash resources.

Changes in Accounting Policies including Initial Adoption

On January 1, 2008, the Company adopted, without restating prior periods, the following standards of the CICA Handbook: Section 1535 – Capital Disclosures, Section 3862 – Financial Instruments Disclosures and Section 3863 – Financial Statement Presentations. Section 1535 establishes standards for disclosing information about the Company's objectives, policies, and processes for managing capital. These disclosures include a description of what the Company manages as capital, whether the Company has complied with any capital requirements, and if has not complied, the consequences of such non-compliance. Sections 3862 and 3863 establish standards for the presentation and disclosure of information that enable users to evaluate the significance of financial instruments to the Company's financial position, and the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The implementation of these new standards did not impact the Company's financial results, but did result in additional disclosure.

Future accounting changes

International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS) over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the transition date for publicly listed companies to use IFRS, which will replace Canadian GAAP. The effective date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Related Parties Transactions

During the period the Company was charged for various services and related out-of-pocket expenses paid on behalf of the Company by current and former directors and officers, or by companies which are under their control. Related party transactions which are not disclosed elsewhere in the financial statements are as follows:

During the period ended September 30, 2008, the Company paid the following:

i) $55,172 was paid to the CEO of the Company for consulting services
ii) $31,800 was paid to a company controlled by a former officer of the Company for professional services relating to legal and corporate secretarial services.
iii) $22,872 was paid to an officer of the Company for corporate secretarial services
iv) $27,926 was paid to a company controlled by an officer of the Company for professional services relating to CFO and accounting services.
v) $164,214 was paid to a company controlled by a director and officer of the Company for various administrative and overhead costs. Of this amount, $50,361 related to office rent for nine months, $40,000 related to marketing consulting services, $32,200 related to shared office consultants, $15,625 related to consultants building the Company's website and the balance of $26,028 related to general office and administration expenses.
vi) $3,000 was paid for administrative services to a company controlled by a former director of Norma Canada.
vii) $16,500 was paid to a director of MV Canada

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The exchange amount reflects the values that the Company would transact at with arm's length parties.

Financial Instruments

The financial instruments are comprised of cash, short-term investments, amounts receivable, prepaids and deposits, and accounts payable and accrued liabilities. The fair values of cash, short-term investments, other receivables and prepaids and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments.

Outstanding Share Data

The Company's authorized share capital is an unlimited number of common shares without par value. As at September 30, 2008 there were 27,403,379 common shares outstanding. Also outstanding were 2,336,000 stock options and 11,385,215 warrants. Of the 2,336,000 options outstanding, 1,123,000 were exercisable at September 30, 2008. The option's exercise price ranged from $0.10 to $2.00. The warrant's exercise price ranged from $0.10 to $2.50.

As of November 27, 2008 there were 27,403,379 common shares, 2,336,000 stock options and 11,385,215 warrants outstanding.

Risk Factors

An investment in the Company involves a number of risks. You should carefully consider the following risks and uncertainties in addition to other information in this interim report in evaluating the Company and its business before making any investment decision in regards to the common shares of the Company. The Company's business, operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing the Company. Additional risks not presently known to us may also impair business operations.

Exploration and Mining Risks

The Company is engaged in mineral exploration and development activities. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The long-term profitability of our operations will be in part directly related to the cost and success of our exploration programs, which may be affected by a number of factors beyond our control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. 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 mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage. Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. We may become subject to liability for pollution, cave-ins or hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material, adverse effect on our financial position. The Company relies upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection.

Financing Risks

The Company is limited in both financial resources, and sources of operating cash flow and has no assurance that additional funding will be available to us for further exploration and development of our projects or to fulfill our obligations under any applicable agreements. There can be no assurance that we will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of our projects with the possible loss of such properties.

Regulatory Requirements

Even if our mineral properties are proven to host economic reserves of mineral resources, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits or repatriation of profits. The Company may acquire other properties in other jurisdictions or countries. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

No Assurance of Titles

It is possible that any of our properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits as may be required to carry out exploration, development and mining operations at our projects will be granted.

Competition

The mineral industry is intensely competitive in all its phases. We compete with many companies possessing greater financial resources and technical facilities than the Company for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees. In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Factors beyond the control of the Company may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing our investment capital.

Environmental Regulations

Our operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations.

Stage of Development

The Company is in the business of exploring for, with the ultimate goal of producing, mineral resources from our mineral exploration properties. None of our properties have commenced commercial production and we have no history or earnings or cash flow from our operations. As a result of the foregoing, there can be no assurance that we will be able to develop any of our properties profitably or that our activities will generate positive cash flow. A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of our management in all aspects of the development and implementation of our business activities.

Markets for Securities

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

Reliance on Key Individuals

Our success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company.

Geopolitical risks

The Company may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploitation and production, price controls, export controls, currency availability, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on mineral exports, increased financing costs, and site safety. In addition, legislative enactments may be delayed or announced without being enacted and future political action that may adversely affect the Company cannot be predicted.

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Arni Johannson
Chief Executive Officer

Vancouver, Canada

November 27, 2008