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Form 51-102F1 - Management's Discussion and Analysis

**For the Second Quarter ended January 31, 2009**

**Dated March 17, 2009**

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The following discussion of the operating results and financial position of the Company should be read in conjunction with the audited consolidated financial statements and related notes for the year ended July 31, 2008.

This discussion includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address future exploration activities and events or developments that the Company expects are forward-looking statements.

Forward-looking statements are usually identified by our use of certain terminology, including “will”, “believes”, “may”, “expects”, “should”, “anticipates”, or “intends” or by discussions of strategy or intentions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, and continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

### **OVERALL PERFORMANCE**

The Company is engaged in the business of mineral exploration in Africa and its objective is to locate and develop economic mineral properties. The Company was inactive from incorporation until mid-2006, when it commenced operations. On August 7, 2006 the Company entered into the Mokambo Option Agreement with North Western Plant Hire Limited whereby the Company was granted an option to acquire an 80% right, title and interest in the Mokambo Property located in Zambia. On September 6, 2006 the Company entered into an option agreement with Miniere de Musoshi & Kinsenda whereby the Company was granted an option to acquire a 76% interest in the Musoshi Tailings Project located in the Democratic Republic of Congo (“DRC”), and on September 7, 2006 the Company entered into an option agreement with Exacom Ltd. whereby the Company was granted an option to acquire a 73.5% interest in 5 mining concessions located in the DRC.

To fund its exploration activities and to provide working capital the Company has relied on the sale of Common shares from treasury. The funds raised were primarily being used to carry out additional exploration on the Mokambo Property.



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## **OVERVIEW OF PROJECTS**

### **Mokambo Project - Zambia**

Following an evaluation of the NI 43-101 Report prepared by Coffey Mining on both the sulphide mineral resource, and on the oxide drilling program, the Board is of the opinion that the grade and the tonnage of the sulphide resource and oxide deposit will not support a mining operation and that further drilling will not significantly increase tonnage and grade. Results of the evaluation of the sulphide resource and the 43-101 report prepared by Coffey Mining have previously been reported on and Coffey Mining advise that "results of the mineral resource modeling have indicated that there will be insufficient tonnage and metal concentration and recoveries for the project to be viable."

The Board has therefore decided to abandon the Mokambo project. Further expenditures will therefore be minimized and the option agreement with NW Plant Hire has been terminated through an intentional default. The equipment currently on site will be dismantled and stored in secure premises.

The capitalized mineral property expenditures and non-moveable equipment related to Mokambo totaling \$7.9 million have been written-off in these 2<sup>nd</sup> quarter financial statements.

### **ORE PROCESSING FACILITY – ZAMBIA**

The Company is actively seeking joint venture parties and financing to share in the set-up and operation of an ore processing facility using the Company's EMEW equipment, formerly situated at Mokambo.

### **PROSPECTING – ZAMBIA**

The company has entered into a memorandum of understanding with a foreign company for ICS to receive a 49% interest in a 1,000 hectare prospecting permit in Zambia. A payment of USD \$25,000 has been made and will be recovered from future deferred payments to the vendor equivalent to 5% of the ore extracted.

The foreign company has also agreed to become a strategic joint-venture partner with ICS to carry out prospecting on a further 5,000 km<sup>2</sup> in Zambia on a 50/50 basis.



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## **DEMOCRATIC REPUBLIC OF CONGO**

The Company has an advanced stage property being the Musoshi Tailings and several grassroots properties in the Democratic Republic of Congo (DRC).

### **Musoshi Tailings Project**

The Musoshi Tailings project is approximately 5 kilometers west of the Kasumbalesa, DRC border crossing. This large tailings pond is a result of the rejected material of the Musoshi concentrator which handled ore from the Musoshi and Kinsenda Mines.

The property continues to be on hold due to a dispute of ownership of the tailings between Sodomico (DRC state-owned company) and MMK, (a subsidiary company of Copper Resources Corporation in which Sodomico also holds a small equity position. In either scenario, ICS would acquire 78 % interest in the tailings project. ICS has not been given permission to undertake the necessary NI 43-101 Technical Report until this dispute is resolved between the two parties. It is proving difficult for both ICS and Copper Resources Corporation to get clarification on the matter from the Congolese Ministry of Mines. Accordingly, the Company has written off the monetary investment in this project but continues to await a decision by the Ministry of Mines as to ownership.

### **Sakania Gold Project**

A joint venture agreement has been completed with A & Cladava to develop the "Sakania Gold" project. The project consists of 2 small (30 km<sup>2</sup> each) concessions (PR 599 and PR 600) which are side by side and located in the eastern end of the DRC pedicle, near the village of Kipushia. These two historic mineral areas (Changulube and Kasamwa) have been worked by artisan miners intermittently for decades. Reports of gold, copper and cobalt have been documented. A limited reconnaissance of the concessions was completed late in 2007. A more comprehensive exploration program including a NI 43-101 Technical Report is planned for 2009.

### **ICX-EMIX Project**

Exacom Ltd., a DRC private company has joint ventured with the Company to explore and to develop the Bayombwe property north of the town of Kolwesi. Initial reconnaissance and early stage trenching of the Bayombwe concession (PR 7248) has identified limited potential for copper, cobalt and tantalum. Further work on this concession will be re-evaluated next year. Under the initial agreement ICS had the right to prospect on 4 other properties namely Kabalo,



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Kaniama, Bukama and Lubudi but has decided not to do so due to their extreme remoteness, absence of data, maps and recorded mineral occurrences.

### **Karukuruku Concession**

The Company has signed a Joint Venture Agreement with Cooperative Miniere Maadini Kwa Kilimo to develop the Karukuruku concession which is located near Kipushi, Katanga Province, DRC. The Arrete Ministeriel is #383 CAB.MIN/Mines/01/04 of 19/06/04. The Company can earn 70% of the equity in the property, under the agreement. No work has been done on this concession yet. A visit to the site in June of this year revealed that there is extensive visible malachite on the surface of the property and there is very high grade cobalt from an artisanal pit. There are 4 or 5 large pits on the property dug by artisanal miners.

### **SELECTED ANNUAL INFORMATION**

The Company was incorporated on October 28, 2004 and commenced operations on or about May 1, 2006. The Company was a private company until May 2, 2007.

The following table provides a brief summary of the Company's financial operations for the fiscal years ended July 31 and should be read in conjunction with the Company's audited consolidated financial statements for the most recently completed financial year:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Sales	\$ -	\$ -	\$ -
Net Loss from operations	\$ (890,039)	\$ (2,161,409)	\$ (180,781)
Net loss per share (basic and fully diluted)	\$ (0.03)	\$ (0.15)	\$ (0.07)
Total Assets	\$ 11,651,401	\$ 11,717,638	\$ 1,042,082
Long Term Financial Liabilities	\$ -	\$ -	\$ -
Cash Dividends per share	\$ -	\$ -	\$ -

### **RESULTS OF OPERATIONS**

During the quarter ended January 31, 2009, the Company had interest income of \$1,180 and the Company's net loss from operations was \$8,186,948. The loss included significant expenditures as follows: write-off on abandonment of Mokambo property of \$7,944,649; investors' relations and promotion expenses of \$8,685; travel and accommodation expenses of \$2,277 management fees of \$27,750; salaries and employee benefits of \$32,029; stock-based compensation of \$3,096; professional fees of \$26,137; and a foreign currency exchange loss of \$122,514.



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During the six months ended January 31, 2009, the Company had interest income of \$10,999 and the Company's net loss from operations was \$8,552,686. The loss included significant expenditures as follows: write-off on abandonment of Mokambo property of \$7,944,649; investors' relations and promotion expenses of \$25,136; travel and accommodation expenses of \$10,644; management fees of \$100,500; salaries and employee benefits of \$64,497; stock-based compensation of \$71,360; professional fees of \$71,238; and a foreign currency exchange loss of \$236,066.

### **SUMMARY OF QUARTERLY RESULTS**

	Quarter ended January 31, 2009	Quarter ended October 31, 2008	Quarter ended July 31, 2008	Quarter ended April 30, 2008
Sales	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Other income	\$ 1,180	\$ 9,819	\$ 14,813	\$ 29,176
Loss for the period from operations	\$ (8,186,948)	\$ (365,738)	\$ (298,605)	\$ (126,892)
Loss per share from operations - basic & fully diluted	\$ (0.28)	\$ (0.01)	\$ (0.01)	\$ (0.00)
Net loss for the period	\$ (8,186,948)	\$ (365,738)	\$ (298,605)	\$ (126,892)
Net loss per share - basic & fully diluted	\$ (0.28)	\$ (0.01)	\$ (0.01)	\$ (0.00)
	Quarter ended January 31, 2008	Quarter ended October 31, 2007	Quarter ended July 31, 2007	Quarter ended April 30, 2007
Sales	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Other income	\$ 60,382	\$ 71,030	\$ 79,402	\$ N/A
Loss for the period from operations	\$ (149,046)	\$ (315,496)	\$ (1,562,010)	\$ (322,483)
Loss per share from operations - basic & fully diluted	\$ (0.01)	\$ (0.01)	\$ (0.10)	\$ (0.02)
Net Loss for the Period	\$ (149,046)	\$ (315,496)	\$ (1,562,010)	\$ (322,483)
Net loss per share - basic & fully diluted	\$ (0.01)	\$ (0.01)	\$ (0.10)	\$ (0.02)



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## **LIQUIDITY AND CAPITAL RESOURCES**

As at January 31, 2009, the Company had current assets of \$493,916 and a working capital deficiency of \$133,366. These amounts have been decreased by the required option payments and other expenditures on the mineral properties of \$716,440 and equipment purchased totaling \$373,809. The following table outlines outstanding mineral property option payments by property:

<u>Mineral Property Option Payments</u>	<u>Total</u>	<u>Less</u> <u>than 1 year</u>	<u>1 -3</u> <u>years</u>
	(United States Dollars)		
Bayombwe (Exacom), DRC	100,000	100,000	-
A & Cladava, DRC	-	-	-
Karukuruku, DRC	65,000	65,000	-
Total	<u>\$ 165,000</u>	<u>\$ 165,000</u>	<u>\$ -</u>

To date the Company has relied entirely upon the sale of common shares to generate working capital for exploration activities and to fund the administration of the Company. Since the Company does not expect to generate any significant revenues in the near future, it will continue to rely primarily upon sale of common shares or debt to raise capital. There can be no assurance that financing will be available to the Company when required.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company is not a party to any off balance sheet arrangements or transactions.

## **FOURTH QUARTER**

## **PROPOSED TRANSACTIONS**

The Company does not have any proposed transactions.



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### RELATED PARTY TRANSACTIONS

	<u>January 31</u> <u>2009</u>	<u>July 31</u> <u>2008</u>
<u>Due from related parties</u>		
Unsecured housing loan, with interest at 3%		
per annum, with no fixed terms of repayment	<u>\$ 43,450</u>	<u>\$ 80,000</u>
<u>Due to related parties</u>		
Unsecured loan payable, with interest at 4.5%		
per annum, with no fixed terms of repayment	<u>\$180,000</u>	<u>\$200,000</u>

During the period the Company paid management and consulting fees to directors and officers totaling \$100,500 (2008-\$95,125) and paid consulting fees to a company owned by a former director for mineral properties in the amount of \$37,000 (2008-\$62,500). Furthermore, the Company paid interest of \$4,425 (2007-\$5,835) to a company controlled by an officer and director of the Company.

All transactions have been in the normal course of operations, and in management's opinion, undertaken with the same terms and conditions as transactions with unrelated parties.

### CRITICAL ACCOUNTING ESTIMATES

The Company's discussion and analysis of its financial condition and results of operations, including the discussion on liquidity and capital resources, are based on its financial statements that have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management re-evaluates its estimates and judgments, particularly those related to the determination of the impairment of long-lived assets. Management bases its estimates and judgments on historical experiences, contractual arrangements and commitments and on various other assumptions that it believes are reasonable in the circumstances. Changes in these estimates and judgments will impact the amounts recognized in the financial statements and the impact may be material. Management believes the following critical accounting policies require more significant estimates and judgments in the preparation of the consolidated financial statements:



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- **Impairment of Long-lived Assets** – Long-lived assets, including equipment and mineral properties, are tested for impairment whenever events or changes in circumstances indicated that the carrying amounts may not be recoverable. Impairment or write downs are recorded in the event the net book value of such assets exceeds the estimated indicated future cash flows attributable to such assets.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. Mineral properties comprise acquisition costs including option payments to maintain mineral property titles in good standing and exploration costs directly incurred on the properties. The Company records its interest in mineral properties and related expenditures at cost or at an ascribed amount if the consideration is common shares, less option payments received. The Company may acquire or sell property interests pursuant to the terms of option agreements. As options are exercisable entirely at the discretion of the optionee, the related amounts are recorded only upon payment or receipt. Recorded amounts are capitalized until the properties are sold, abandoned or brought into production. Capitalized costs related to sold or abandoned properties are written off in the period of sale or abandonment. Capitalized costs related to producing properties are amortized to production on the unit-of-production method, based upon estimated production capacity.

#### **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

There were no changes during the period.

#### **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, short-term investments, receivables, accounts payable and accrued liabilities, and due to related parties. The terms are fully disclosed in the Company's financial statements. It is management's opinion that the Company is not exposed to significant currency, credit or interest risks from its financial instruments. The fair value is the carrying value unless otherwise noted.



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## INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Audit Committee and the Board of Directors of the Company recognize the need to hire additional staff to ensure segregation of duties as the operations of the Company expand. The responsible Certifying Officers monitor very closely all financial transactions of the Company.

When complex accounting and technical issues arise during the preparation of financial statements, outside consulting expertise is engaged. The Company is in the process of documenting and implementing necessary policies and procedures in place to minimize internal control and financial reporting risks that currently exist. In spite of management's best efforts, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

The Chief Executive Officer and Chief Financial Officer, together with other members of management, after having designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with generally accepted accounting principles in Canada as of July 31, 2008, have not identified any changes to the Company's internal control over financial reporting which would materially affect, or is reasonably likely to materially affect the Company's internal control over financial reporting.

## ADDITIONAL INFORMATION

### Share Capital

#### a) Authorized

Unlimited number of Class "A" voting Common shares without par value

Unlimited number of Preferred shares without par value

b) Issued Shares	<u>NUMBER</u>		<u>AMOUNT</u>
<b>Balance, July 31, 2008 and January 31, 2009</b>	<b><u>29,713,869</u></b>	<b>\$</b>	<b><u>12,872,324</u></b>
<b>Balance, March 17, 2009</b>	<b><u>29,713,869</u></b>	<b>\$</b>	<b><u>12,872,324</u></b>



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**Share Capital** (Continued)

c) Restricted Shares

Escrow Shares

As at January 31, 2009, 3,694,554 common shares remained in escrow pursuant to an escrow agreement. The remaining escrow shares will be released in four equal tranches of 1,231,518 shares every six months from May 8, 2009 until May 8, 2010.

d) Share Purchase Warrants

Warrants granted and exercisable for the purchase of 10,220,251 shares as of January 31, 2009 at a weighted average exercise price of \$1.05 per share were as follows:

<b>JULY 31, 2008 and JANUARY 31, 2009</b>		
<b>NUMBER OF WARRANTS</b>	<b>EXERCISE PRICES</b>	<b>EXPIRY DATES</b>
1,120,251	\$ 0.85	May 1, 2009
5,750,000	\$ 1.30	May 1, 2009
500,000	\$ 1.50	June 8, 2009
100,000	\$ 1.50	June 8, 2009
<u>2,750,000</u>	\$ 0.50	June 10, 2010
<u>10,220,251</u>		

e) Stock Options

The Company has a stock option plan that provides for the issuance of compensatory options to its directors, officers, employees and consultants. The maximum number of outstanding options must be no more than 10% of the issued and outstanding shares at any point in time. Options granted under the plan may have a maximum term of five years. Terms of the vesting period over which the options are earned is determined by the Board of Directors.



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### Share Capital (Continued)

#### e) Stock Options (Continued)

On August 19, 2008, 200,000 stock options were issued to a director under the existing stock option plan at an exercise price of \$0.44 per share.

On December 29, 2008, the existing 2,150,000 stock options outstanding were re-priced at \$0.10 per share. On the same date, a further 200,000 stock options were issued to a newly appointed director under the existing stock option plan at an exercise price of \$0.10 per share. Stock-based compensation in the amount of \$71,360 was recorded on these grants in the period.

As of January 31, 2009, 2,350,000 (July 31, 2008–1,950,000) options were outstanding and exercisable and the weighted average remaining contractual life of the options was 3.6 years and the weighted average exercise price was \$0.10.

Options outstanding as of January 31, 2009 were as follows:

NUMBER OF OPTIONS	NUMBER OF OPTIONS EXERCISABLE	EXERCISE PRICE	EXPIRY DATE
1,750,000	1,750,000	\$ 0.10	May 8, 2012
200,000	200,000	\$ 0.10	April 11, 2013
200,000	200,000	\$ 0.10	August 19, 2013
200,000	200,000	\$ 0.10	December 29, 2013
<u>2,350,000</u>	<u>2,350,000</u>		

### **OTHER INFORMATION**

Additional information relating to the Company can be found on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) database at [www.sedar.com](http://www.sedar.com)