

FORM 51-102F1

ICN RESOURCES LTD. (formerly Icon Industries Limited)

MANAGEMENT DISCUSSION & ANALYSIS – MARCH 31, 2010

The following management discussion and analysis (“MD&A”) provides information on the activities of ICN Resources Ltd. (formerly Icon Industries Limited) (the “Company”) and should be read in conjunction with the unaudited consolidated financial statements and related notes of the Company for the three month period ended March 31, 2010, and the audited consolidated financial statements and related notes of the Company for the year ended December 31, 2009. The consolidated financial statements have been prepared in Canadian dollars and in accordance with Canadian generally accepted accounting principles. Readers are cautioned that management’s discussion and analysis contains forward-looking statements and that actual events may vary from management’s expectations. The information of this MD&A has been prepared effective May 26, 2010 (the “Report Date”).

Forward Looking Statements

This MD&A contains certain forward-looking information and statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions as at the date of this MD&A. The words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential”, “interprets”, “may”, “will” and similar expressions identify forward-looking statements. Information concerning the interpretation of drill results may also be considered a forward-looking statement; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The forward-looking statements reflect the current beliefs of the management of the Company, and are based on currently available information. Readers are cautioned not to place undue reliance on these statements as they are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, such forward-looking statements. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

Overview

ICN Resources Ltd. (formerly Icon Industries Limited) is incorporated under the laws of British Columbia and currently trades on Tier 2 of the TSX Venture Exchange (the “TSXV”). During the year ended December 31, 2009, the Company changed its name from Icon Industries Limited to ICN Resources Ltd.

During the three month period ended March 31, 2010, the Company spent \$74,294 on mineral property acquisition and exploration. Net losses for the first quarter ended March 31, 2010 were \$164,330.

The Company's principal business activity is the exploration and development of mineral properties. The Company currently has exploration properties in Manitoba and Quebec, Canada and Nevada, U.S.A., as further described herein.

Hog Ranch and Estill Property, Nevada, U.S.A.

On April 28, 2009 the Company entered into an option agreement with Seabridge Gold Corporation (“Seabridge”) and its wholly-owned subsidiary, Seabridge Gold Inc. (“SEA”), whereby the Company paid \$500,000 and issued 1,000,000 shares of the Company to SEA, for and in consideration of Seabridge granting the Company an option to acquire a 100% interest in certain unpatented lode mining claims and land, collectively the Hog Ranch and Estill Property in Washoe County, Nevada, subject to the terms of the leases with the owners. To exercise the option, the Company shall pay an additional \$525,000 and issue an additional 1,000,000 common shares of the Company on or before April 17, 2010 (see Subsequent Events).

The Hog Ranch property is subject to an annual advance royalty of US\$20,000, payable on November 15 of each year, and a production royalty to the owner in the amount of 1% of gross proceeds on the sale of minerals from the properties, and pay the owner a further US\$250,000 in cash upon the earlier of (i) confirmation by an independent third party of a measured and indicated gold reserve of more than 1.0 million ounces, (ii) completion of a positive bankable feasibility study which demonstrates a mine capable of producing at least 100,000 ounces of gold per annum.

The Estill property is subject to a 3% NSR with an exception of precious metals production royalty ranging from 1.8% to 3.3%

depending on gold price.

The Estill property is subject to a lease payment of US\$17,760 on October 1 of each year, should the total exploration expenditure on the Estill properties be less than \$200,000; or US\$11,840 on October 1 of each year, should the total exploration expenditure on the Estill properties be \$200,000 or more.

In connection with the option agreement, the Company agreed to pay a finder's fee of \$95,000, of which \$56,250 was paid and the remainder of \$38,750 is payable upon the Company's exercise of the option (see Subsequent Events).

Exploration history and current activities

The Hog Ranch property comprises 466 unpatented lode mining claims that cover approximately 9,628 acres (3,896 hectares), which contain the past-producing Hog Ranch minesite, and a mining lease with Estill Ranches LLC ("Estill") on approximately 592 acres (239.6 hectares) of privately owned fee land. The Hog Ranch Property is a large gold-bearing hydrothermal system which is the westernmost of a series of gold deposits in the northern Nevada epithermal district, which includes bonanza grade gold deposits such as the Sleeper, Midas and Hollister deposits. The deposits are related to the northern Nevada Rift system, a series of faults associated with 17 to 14 million year old Miocene age volcanism that are associated with the Yellowstone hotspot. In the 1980's and early 1990's, Western Mining Corporation extracted approximately 200,000 ounces of gold from a low grade, open pit heap leach operation from the property. This production, and additional remaining resources, are in low grade, near surface style epithermal mineralization. Only limited testing to depth has occurred in the system, some drill holes of which have encountered high Au grades.

Beresford Lake Property

The Company acquired a 100% interest in the Beresford Lake Property (the "Property") near Bisset, Manitoba pursuant to an option agreement (the "Option") with Stephen Stares, Michael Stares, and Wayne Reid (collectively the "Optionors"). To acquire its 100% interest, the Company paid the Optionors \$82,001 and issued 300,001 common shares of the Company with a value of \$60,750. The Option also included a work commitment which the Company has met. The Property is subject to a 2% net smelter royalty ("NSR") with the Company having the right to purchase 1% of the NSR for \$1,000,000 with a first right of refusal to the remaining 1%. The Option contains a provision for the acquisition of additional claim units in an area of interest surrounding the Property.

During the year ended December 31, 2009, the Company let certain claims lapse as the Company has no further plan on these claims. The Company thus wrote off exploration costs of \$460,097 associated with these claims.

The Company completed a number of exploration programs between 2004 and 2006, including the drilling of 12 drill holes totalling 2300 m in 2005. Best intercepts include an intersection in hole 05MC-08 of 4.5 g/t Au over 1.0 m in the Mic showing. No high grade mineralization was intersected, but widespread low grade and highly anomalous gold mineralization is developed in prospects and drill holes throughout the property, particularly in auriferous quartz-carbonate veining along the broad, northwest trending Bidou Lake shear zone, indicating that the area remains prospective. The Company owns 100% of the property and, although there are no current drilling plans, it is in the process of determining how best to move forward with this project.

Exploration Outlook

Hog Ranch

The Company completed a Phase I drill program in December 2009, and is currently conducting further geological modeling of the drill results. The Company will be completing a clay mineral zonation study based on the use of a Terraspec analytical spectral device. The Terraspec data, along with patterns of anomalous As-Sb-Hg-Ag and other pathfinder elements that are apparent in the Phase I drill results, and previous geophysical data, will be further utilized to aid in future drill targeting to identify higher grade feeder areas and potential zones for bulk mining. The Company plans a Phase II program later in 2010 to test other prospective areas such as the Airport, Cameco (discovered after original mine closure) and Bell Springs targets once further data acquisition and evaluation is complete. A new evaluation of the potential of lower grade, bulk mineable targets will also be conducted given the encouraging results from the Phase I drill program.

Beresford

The Company does not plan to perform any exploration on the property, but has maintained the property in good standing, with

the view to a potential joint venture in the future.

Other

The Company is also looking to acquire additional mineral exploration properties. As a result of the acquisition of the Hog Ranch Property and the potential acquisition of other properties, the Company's general and administration cost are expected to increase in line with the increased activity in the Company.

The content of the above property updates was reviewed by Mike Savell, P.Geo., a director of the Company and a qualified person as defined by National Instrument 43-101.

Results of Operations

Three month period ended March 31, 2010

For the three months ended March 31, 2010, the Company incurred a net loss of \$164,330 compared to a net loss of \$76,016 incurred in the three months ended March 31, 2009. The increase in net loss of \$88,314 is primarily the result of an increase in stock-based compensation expenses by \$63,389 to \$91,931 (2009 - \$28,542) and a decrease in income from other items by \$25,417 to a loss of \$1,230 (2009 - a gain of \$24,187).

The general operating costs excluding stock-based compensation expenses for the three month period ended March 31, 2010 were \$71,169 (2009 - \$71,661). Some of the significant expenses incurred are as follows:

- Consulting fees of \$15,250 (2009 - \$15,890) include costs of the Company's CFO and the Vice President of Business Development.
- Investor relations of \$15,000 (2009 - \$nil) has increased over the comparative period as the Company engaged an investor relations firm started January 1, 2010 to increase the Company's exposure to institutional and retail investors and to provide corporate communication services..
- Office and miscellaneous of \$12,723 (2009 - \$17,549) has decreased over the comparative period mainly due to the Company's efforts to reduce costs in all areas of operations.
- Property investigation of \$10,586 (2009 - \$nil) has increased over the 2009 period as result of increased activities investigating properties for future exploration potential.

Stock-based compensation expenses of \$91,931 (2009 - \$28,542), a non-cash charge, are the estimated fair value of the vesting portion of stock options granted in fiscal 2010 and 2009. The Company used the Black-Scholes option pricing model for the fair value calculation.

Loss from other items in the current period included a foreign exchange loss of \$1,230 resulted from operations of the US subsidiary. Income from other items in the 2009 period included interest income of \$1,279 and a gain of \$22,908 from the write-off of stale accounts payable.

Summary of Quarterly Results

Results for the eight most recent quarters ending with the last quarter for the three months ending on March 31, 2010 are:

	For the Three Months Ending							
	Fiscal 2010	Fiscal 2009				Fiscal 2008		
	Mar. 31	Dec. 31	Sept. 30	June. 30	Mar. 31	Dec. 31	Sept. 30	June. 30
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Income Statement Data⁽¹⁾								
Total revenue	-	-	-	-	-	-	-	-
Net loss	(164,330)	(463,820)	(163,011)	(117,951)	(76,016)	(2,590,064)	(144,990)	(130,721)
Loss per common share outstanding – basic⁽¹⁾								
Loss per share	(0.00)	(0.02)	(0.01)	(0.01)	(0.00)	(0.12)	(0.01)	(0.01)
Loss per common share outstanding – diluted⁽¹⁾								
Loss per share	(0.00)	(0.02)	(0.01)	(0.01)	(0.00)	(0.12)	(0.01)	(0.01)

⁽¹⁾ The financial data presented above is derived from the Company's financial statements, which are prepared in accordance with accounting principles generally accepted in Canada and in Canadian dollars.

Factors That Affect the Comparability of the Quarterly Financial Data Disclosed Above

Due to the nature of the business, the cash balance generating interest income is subject to fluctuations from quarter to quarter. Also, the timing of equity financing and ensuing exploration and operating expenses are other factors affecting the level of expenditures from quarter to quarter.

Liquidity and Capital Resources

As at March 31, 2010, the Company had a cash balance of \$742,556 compared to \$994,253 as at December 31, 2009. The Company had working capital as at March 31, 2010 of \$748,954 compared to working capital of \$789,949 as at December 31, 2009.

Current quarter

During the first quarter, the cash balance decreased by \$251,697. Cash used in operating activities was \$289,629 (2009 - \$119,482). The Company incurred \$74,294 (2009 - \$16,590) for exploration activities on the Hog Ranch property. The Company received \$17,000 (2009 - \$nil) of share subscription proceeds outstanding at December 31, 2009 and \$96,625 (2009 - \$nil) from the exercise of stock options and warrants.

Going Concern

At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. In order to continue as a going concern and to meet its corporate objectives, which primarily consist of exploration work on its mineral properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

Off-Balance Sheet Arrangements

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

Related Party Transactions

The Company paid or accrued amounts to related parties during the three months ended March 31 as follows:

	2010	2009
Consulting and administrative fees to a company controlled by an officer and former director of the Company	\$ 18,291	\$ 18,291
Consulting fees to an officer of the Company	4,000	-
Management & Geological fees to companies controlled by directors of the Company	5,621	4,640
Management fees to a company controlled by a director	-	15,000
Rent to a company with directors in common with the Company	-	3,560

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities at March 31, 2010 is \$nil (December 31, 2009 - \$226,450) owing to related parties for services rendered to the Company.

The Company entered into a consulting agreement effective June 1, 2009 with a company controlled by the President and CEO of the Company for consulting services expiring May 31, 2012. The Company will pay a monthly fee of \$5,000 plus GST and reimburse all reasonable expenses incurred during the performance of the services. If the President is terminated as a result of a change of control of the Company, the Company shall pay a minimum severance compensation of \$330,000. The Company entered into a settlement agreement with the former President and CEO, whereby in consideration of a payment of \$189,000 to the former President, the Company was released from all claims arising from the consulting agreement with the company controlled by the former President. Of the \$189,000 cash settlement, \$96,625 was provided for the former President to exercise his stock options and warrants. The \$189,000 was included in the December 31, 2009 accounts payable. The \$189,000 cash settlement also included \$9,000 GST which was adjusted to operations for the three months ended March 31, 2010.

The Company entered into a consulting agreement effective June 1, 2009 with a company controlled by the CFO of the Company for consulting services expiring May 31, 2011. The Company will pay a monthly fee of \$3,750 plus GST and reimburse all reasonable expenses incurred during the performance of the services. If the CFO is terminated as a result of a change of control of the Company, the Company shall pay a minimum severance compensation of \$90,000.

Critical Accounting Estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the year. Significant areas requiring the use of management estimates include the determination of impairment of mineral properties and equipment; amounts of reclamation and environmental obligations; amortization rates for equipment; valuation allowance for future income tax assets; and determination of the assumptions used in calculating fair value of stock-based compensation. While management believes the estimations are reasonable, actual results could differ from these estimates and could impact future results of operations and cash flows.

Summary of Outstanding Share Data

The Company's issued and outstanding share capital as at the date of this report is as follows:

- (1) Authorized: Unlimited common shares without par value.
- (2) As at May 26, 2010, the Company has 30,446,024 common shares, 3,500,000 warrants, and 3,572,250 options issued and

outstanding.

Recent Accounting Pronouncements

International financial reporting standards (“IFRS”)

In 2006, the 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 IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The 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.

Business Combinations, Non-controlling Interest and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-controlling Interests” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1P602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company’s interim and annual financial statements for its fiscal year beginning January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently. The Company has not yet determined the impact of the adoption of these standards on its consolidated financial statements.

Financial Instruments

The Company's financial instruments consist of cash, receivables, reclamation bond and accounts payable and accrued liabilities. The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company’s credit risk is limited to the carrying amount on the balance sheet and arises from the Company’s cash and receivables.

The Company’s cash is held through a Canadian chartered bank, which is a high-credit quality financial institution. The Company’s receivables primarily consist of goods and services tax due from Federal Government of Canada. Management believes that the credit risk concentration with respect to receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2010, the Company had a cash balance of \$742,556 to settle current liabilities of \$37,917. All of the Company’s financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company’s current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency rate risk

The Company is exposed to foreign currency risk as it funds its exploration programs and certain administrative expenses in the United States by using US dollars converted from its Canadian bank account. The Company does not enter into any foreign exchange hedging contracts. Notwithstanding, the Company continuously monitors this exposure to determine if any mitigation strategies become necessary. An effect of a plus or minus 10% change in the exchange rate between the Canadian and US dollars on these instruments would have a minimal change to net loss for the year.

Sensitivity analysis

The carrying value of cash, receivables, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

Fair Value

CICA Handbook Section 3862 "Financial Instruments – disclosures" establishes a fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data.

As at March 31, 2010, the Company's financial instruments are comprised of cash, receivables, and accounts payable and accrued liabilities. The carrying value of receivables, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	\$ 742,556	\$ -	\$ -	\$ 742,556
Total	\$ 742,556	\$ -	\$ -	\$ 742,556

Risks and Uncertainties

Operating Hazards and Risks

Mineral exploration involves many risks. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs.

Environmental Factors

The Company currently conducts exploration activities in the Canadian Provinces of Manitoba and Quebec. Such activities are subject to various laws, rules and regulations governing the protection of the environment. In Canada, extensive environmental legislation has been enacted by federal and provincial governments. Such legislation imposes rigorous standards on the mining industry to reduce or eliminate the effects of wastes generated by extraction and processing operations and subsequently deposited on the ground or emitted into the air or water. All phases of the Company's operations are subject to environmental

regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The cost of compliance with changes in governmental regulations has the potential to preclude entirely the economic development of a property.

The Company is able to conduct its exploration within the provisions of the applicable environmental legislation without undue constraint on its ability to carry on efficient operations. The estimated annual cost of environmental compliance for all properties held by the Company in the exploration stage is minimal and pertains primarily to carrying out diamond drilling, trenching or stripping. Environmental hazards may exist on the Companies properties, which hazards are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties.

Governmental Regulation

Exploration activities on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. Changes in such regulation could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted. The Company is at the exploration stage on all of its properties. Exploration on the Company's properties requires responsible best exploration practices to comply with company policy, government regulations, maintenance of claims and tenure. The Company is required to be registered to do business and have a valid prospecting license (required to prospect or explore for minerals on Crown Mineral Land or to stake a claim) in any Canadian province in which it is carrying out work.

Mineral exploration primarily falls under provincial jurisdiction. However, the Company is also required to follow the regulations pertaining to the mineral exploration industry that fall under federal jurisdiction, such as the Fish and Wildlife Act.

If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters.

Changeover Plan to International Financial Reporting Standards ("IFRS")

Transition to IFRS

The CICA has determined that its previous policy of harmonizing Canadian GAAP with US GAAP should be abandoned and that, instead, International Financial Reporting Standards ("IFRS") should be adopted for public company reporting. All Canadian public companies will be required to report their financial information using IFRS for fiscal years commencing in 2011. For ICn resources Ltd. the first year of reporting under these new standards will be the year ending December 31, 2011. The Company is currently reviewing the changes and developing a conversion implementation plan ("Plan") that will be necessary under these new reporting standards and assessing the effect that adopting the standards will have compared to Canadian GAAP currently being used.

Issues to consider – general

Since the time that the CICA made the strategic decision to move to IFRS in 2006, it has been working to amend a number of current standards to harmonize with IFRS standards. Therefore, in many cases, current Canadian GAAP and IFRS are or will be by 2011 harmonized but there remain a number of areas where differences will remain.

On changing to IFRS, the Company will be eligible to make elections under the standard for the transition to IFRS, namely IFRS 1 – First Time Adoption. In some cases, the changes that would otherwise have been retrospective are, with election, applicable from the date of transition and prospectively; in a number of other cases, there is a mandatory approach to deal with the effects of the changes. Where an election is available, the Company is currently reviewing the selection of a suitable option.

Typically, IFRS requires significantly more disclosure than is the case under current Canadian GAAP, particularly with respect to the notes to the financial statements. The Company, as part of the Plan, will be reviewing its data collection and reporting systems to ensure that the requisite information will be available and reliable.

Key elements

The Company has formulated a plan (“Plan”) to deal with the changeover to IFRS that is being led by the CFO and internal accounting personnel with the direct oversight of the audit committee.

The Plan requires the identification of all elections that apply to the Company in respect of the transition under IFRS 1 and the determination of the appropriate option to select. The second step will be to identify the ongoing differences at the transaction level and their effect as a result of changing from Canadian GAAP to IFRS. A preliminary review indicated that there will not be any substantial changes to the system for the recording and reporting of normal day-to-day transactions.

The planning of the transition to IFRS, the identification of issues where differences must be resolved and the recognition of all new information that must be disclosed under the new rules are the responsibility of the Company; it is the Company’s intention that most of this work will be achieved using in house personnel. Complementing this process, the Company may engage a consultant to review all of these areas and to critique the decisions taken and ensure that all relevant standards have been considered so that resulting financial reporting is in accordance with IFRS.

Timing

The adoption date for IFRS is January 1, 2011 and the Company will be issuing annual audited consolidated financial statements in accordance with IFRS for the fiscal year ending December 31, 2011. The first set of interim consolidated statements to those standards will be for the quarter ending March 31, 2011.

The standards require that financial statements be issued with comparatives also prepared in accordance with IFRS. Accordingly, the Company is required to prepare an opening balance sheet as at January 1, 2010, the transition date, in accordance with IFRS and maintain IFRS compatible information during the fiscal year ended December 31, 2010 so that the necessary financial information is available to prepare the comparative amounts for the IFRS statements when issued. It is the Company’s current intention to maintain its records without change during the fiscal year ending December 31, 2011. Quarterly adjustment of that information to convert to IFRS will provide the comparative information necessary for the following fiscal year.

The securities regulator has recognized that financial information that is prior to the transition date need not be converted to IFRS but can be presented using the original Canadian GAAP model providing that it is appropriately labelled.

Identified material differences re: policies

Currently the Company has identified two issues where there may be material differences between the two sets of standards, namely, the treatment of stock options and future income taxes (termed deferred income taxes under IFRS).

Stock options – Canadian GAAP allows the preparer to choose from two options, namely a) treating all options granted at a particular date and with the same terms and conditions as one pool (pooling method) and b) treating options with different vesting dates as different grants (vesting method). The cost of such options is calculated according to Black-Scholes for both methods. For the pooling method, the total expense is amortized on a straight line basis over the longest vesting period of all of the options in the pool resulting in equal charges to income over the period. The vesting method looks at each vesting and the expense associated with that particular vesting and amortizes that in a straight line. This second method front end loads the expense so that although available, this method is rarely used under Canadian GAAP. Under IFRS, the vesting method is the only method that may be used.

The standard for deferred income taxes is being reviewed by the International Accounting Standards Board and current indications are that the relevant IFRS standard will be considerably changed with a likely implementation date prior to the first fiscal year that the Company will be reporting using IFRS. It is likely that deferred tax balances calculated on the transition date will require adjustment to comply with the amended standard.

IFRS defines assets, liabilities or equity and only elements that qualify under those definitions may appear on the balance sheet. Canadian GAAP similarly defines these items but as there are differences, assets or liabilities for one set of standards may not qualify as such under the other set. A preliminary review suggests that all balance sheet items that have been recorded under Canadian GAAP will continue under IFRS although amounts may change.

All changes incurred during the migration from Canadian GAAP to IFRS are netted to the opening retained earnings at January 1, 2010, the transition date

Corporate Governance

Management of the Company is responsible for the preparation and presentation of the consolidated financial statements and notes thereto, MD&A and other information contained in this annual report. Additionally, it is Management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's management is held accountable to the Board of Directors ("Directors"). The Directors are responsible for reviewing and approving the annual audited consolidated financial statements and MD&A. Responsibility for the review and approval of the Company's quarterly unaudited interim financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, two of whom are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

Other

Subsequent events

Subsequent to March 31, 2010:

- (a) Under the option agreement with Seabridge Gold Corporation, the Company is required to issue 1,000,000 shares and pay \$525,000 by April 17, 2010. The shares were issued and forwarded to Seabridge on April 13, 2010. In lieu of the cash payment, the Company issued to Seabridge on May 14, 2010, a convertible debenture for \$525,000 for a term of 18 months at 5% interest and convertible at Seabridge's option at \$0.30 per share approved by the regulatory authorities on April 27, 2010.
- (b) The final Finders Fee payable on the completion of the Hog Ranch option agreement was paid on May 5, 2010.

Additional Information

Additional information is available concerning the Company and its operations on SEDAR at www.sedar.com. Additional financial information concerning the Company is provided in its audited financial statements for the years ended December 31, 2009 and 2008. Copies of this information are available by contacting the Company at its offices located at 1030-789 West Pender Street., Vancouver, BC, V6C 1H2; phone 604-685-8666; fax 604-685-8677.

Directors and Officers

The Company's directors and officers as at the Report Date are:

Directors:

Carl Hering
Michael Savell
J. Stephen Barley
Herrick Lau
Leigh W. Freeman

Officers:

Carl Hering – President & Chief Executive Officer
T. R. Wilson – Chief Financial Officer
Gordon J. Fretwell - Secretary
Tasso Baras – VP Business Development

Board Approval

The contents of this management discussion and analysis have been approved and its mailing has been authorized by the board of directors of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS

"Carl Hering"
CARL HERING, PRESIDENT