EAGLECREST EXPLORATIONS LTD.
Management Discussion and Analysis (Form 51-102F1)
For The Year Ended September 30, 2007

The management discussions and analysis, prepared as of January 25, 2008, reviews and summarizes the activities of Eaglecrest Explorations Ltd. ("Eaglecrest" or the "Company") and compares the financial results for the year ended September 30, 2007 with those from September 30, 2006. The following information should be read together with the audited consolidated financial statements for the years ended September 30, 2007 and 2006 and the related notes attached thereto, which have been prepared in accordance with Canadian Generally Accepted Principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on such forward-looking statements.

Disclosure Controls and Procedures

Management has assessed the effectiveness of the Company's disclosure controls and procedures used for the financial statements and MD&A as at September 30, 2007. Although certain weaknesses such as lack of segregation of duties are inherent with small office operations, management has implemented certain controls such as frequent reviews and regular preparations of reconciliations of transactions to ensure absence of material irregularities. Management has concluded that the disclosure controls are effective in ensuring that all material information required to be filed has been made known to them in a timely manner. The required information was effectively recorded, processed, summarized and reported within the time period necessary to prepare the annual filings. The disclosure controls and procedures are designed to ensure effective information required to be disclosed pursuant to applicable securities laws are accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Management

Hans Rasmussen, President, Chief Operating Officer & Director (Appointed President on January 1, 2007):
Mr. Rasmussen has a M.Sc in geophysics, B.Sc.'s in geology and physics, and 24 years of experience in mineral exploration in North and South America. His work experience includes Newmont Exploration, Kennecott/Rio Tinto, White Knight Resources, and a variety of juniors companies. Mr. Rasmussen's employment experiences include hands on geology and geophysics, as well as corporate senior management responsibilities.

Carl A. Erickson, President & Director (Resigned as President and Director December 29, 2006):
Mr. Erickson became the President of the Company on September 30, 2002 and has over 25 years of senior management experience in the mining, petrochemical, infrastructure development, building and construction, and technology sectors.

Paul Zdebiak, Corporate Development & Director:
Mr. Zdebiak, Director of Eaglecrest since November 2002, has been in the equity industry since 1988 specializing in small capital companies, equity financing and portfolio management.

J. Frank Callaghan, Director:
Mr. Callaghan was appointed a director of the Company in February, 2005. In addition to his vast experience in business and management, Mr. Callaghan is currently an officer of several resource exploration and development companies that are listed on the TSX Venture Exchange.

Dr. Odin Christensen, Director (appointed director on January 4, 2007):
Dr. Christensen has over 30 years experience and holds a PhD in Geology from Stanford and is an AIPG Certified Professional Geologist and a Qualified Person. He worked over 20 years for Newmont Mining Corporation as Exploration Manager, Director and Chief Geologist. Dr. Christensen's most notable contributions, with his teams of geologists, were the world-class gold discoveries on the Carlin Trend, Nevada.

William Jung, Chief Financial Officer:
Mr. Jung, joined the Company in October 2003 as Chief Financial Officer, qualified for his C.A. designation while articling with a major international chartered accounting firm, and has over 25 years of experience in the areas of finance and business and with TSX Venture Exchange companies.

Terrence E. King, Corporate Secretary:
Mr. King, the Company's legal counsel as well as Corporate Secretary, has been involved in corporate law, finance, and the securities industry for 22 years.

Tor Bruland, M.Sc., P.Geo. (Resigned June 30, 2007):
Mr. Bruland joined Eaglecrest in March 2003. He has more than 30 years of mineral exploration experience in North and South America, Asia, and Europe. He was the manager of the Company's San Simon Project until May 2007, and was the Company's primary "Qualified Person" until his resignation in June, 2007.

Donald G. Allen, M.A.Sc., P.Eng. (Resigned as Senior Geologist May 30, 2007):
Mr. Allen joined the Eaglecrest in July 2003. He has more than 40 years experience in mineral exploration in North and South America and Africa. Mr. Allen was the Company's second "Qualified Person" until his resignation in May, 2007.

Walter Lienhard, (Joined Company as Project Manager May 1, 2007):
Mr. Lienhard has more than 25 years of experience in all phases of mineral exploration with Bear Creek Mining Company, Kennecott Exploration, and various junior companies. He has more than 10 years of exploration experience in Latin America, including project and country manager positions.

Overview

Eaglecrest is involved in the acquisition, exploration, and development of resource properties. The Company has exploration and production rights to 39 mineral concessions on the San Simon plateau located in the Department of Beni in northeast Bolivia. Collectively, the concessions cover 296.75 square kilometers and are referred to as the San Simon property. The Company first worked in the area of the San Simon property in 1995. The property currently has four areas of known gold mineralization called Doña Amelia, San Simon, Marco Maria, and Doña Angela.

Highlights for the year ended September 30, 2007 are:

- SRK Consulting (Canada) Ltd. informed the Company in mid-December 2006 that infill drilling was required to be able to calculate the gold resource of the L463 shoot and the Trinidad Main Quartz Vein ("MQV").
- In January 2007, the company announced it had modeled drill hole assay results in the Doña Amelia zone, and that ore-grade gold is most likely localized in pods or shoots like the ore deposits in the Birimian Belt of Ghana where mines like Ashanti have produced millions of ounces of gold.
- Detailed diamond drilling resumed in the Trinidad area of the Doña Amelia zone on March 27, 2007 at a 25-metre spacing compared to the prior spacing that ranged up to 100 metres between holes.
- The Company sent its fourth and fifth shipments of high-grade gold flotation concentrate to the Peñoles smelter in Mexico during the year.

- The Company received confirmation from Bolivian legal counsel that the mining law decree announced May 1, 2007 will have no impact on San Simon project – the concessions remain in force.

- In May 2007, Eaglecrest announced that infill and delineation drilling of the L463 shoot intersected high grade gold values – thus validating the new drill program. Highlights included: 10.1 metres of 3.0 grams/tonne gold, including 1.0 metre at 27.5 grams/tonne gold from hole 229; 8.0 metres with 9.0 grams/tonne gold, including 0.9 metres at 59.1 grams/tonne gold from hole 237; and, 8.0 metres with 4.0 grams/tonne gold, including 0.5 metres at 26.5 grams/tonne gold from hole 235.

- In June 2007, Eaglecrest announced that underground bulk sampling of the L463 shoot intersected the highest grade interval of gold mineralization to date; 57.5 metres of 5.9 grams/tonne gold. Within this interval, 151 tonnes were extracted from a length of 11.7 metres in the L463 drift and averaged 10.0 grams/tonne gold.

- In July 2007, the Company announced it had identified five new exploration targets at San Simon on the basis of assay results for gold and arsenic from surface samples. More than 150 rock and 2,600 soil samples were analyzed. Four of these new targets are located between the Trinidad and Paititi zones, and one is at the distant Doña Angela plateau. Because less than 5% of the 300-square-kilometre San Simon property has been explored, the Company's new management/exploration team increased the priority of district-wide exploration as a means of demonstrating the potential of the district while also detailed drilling in the Doña Amelia zone.

- On September 25, 2007, Eaglecrest announced the highest grades and most consistent drill results in the 11-year drilling history at San Simon from the infill and delineation drilling of the L463 shoot in the Doña Amelia zone. Highlights included 3.5 metres at 15.8 grams/tonne gold from hole 259; 5.2 metres at 9.4 grams/tonne gold from hole 257; and 4.4 metres at 11.5 grams/tonne from hole 268. From the inception of the infill drilling program in early 2007, one third of the drill holes returned intervals of greater than 10 grams/tonne gold. Management considers these results significant for justifying continuing the infill drilling program.

San Simon Property, Bolivia

Since 2003, the Company's exploration and development activities at San Simon have been focused on the Doña Amelia zone. The original gold discovery on the San Simon plateau was made in 1742 by Jesuit priests, who found gold in a northeast-striking shear zone. The area of that discovery is now called Mina Vieja ("old mine") and it is adjacent to the Trinidad sector, where the Company's underground development is located and where drilling has been concentrated to date.

Gold mineralization in the San Simon property is mostly found in or near quartz veins emplaced in a moderately South-dipping thrust fault zone (previously referred to as the "TMT"). The thrust fault zone is a curviplanar structure that generally strikes east-northeast. Numerous subordinate and sub-parallel thrust faults as well as a variety of conjugate shear zones and other faults are developed in the footwall and the hanging wall of the TMT. Quartz veins and gold are found within the TMT and subordinate structures.

Since the mid-1980's, artisanal or informal miners have extracted gold from shallow workings along the TMT, mostly in the Trinidad and Mina Vieja sectors, and from lesser structures and quartz vein stockwork in the Paititi area seven kilometers to the east of Mina Vieja. As many as 1,000 informal miners were working in these areas in the mid-1990s.

Diamond drilling and surface mapping have traced the TMT along more than four kilometres of strike length and more than 700 metres down-dip. The quartz vein along the TMT, previously referred to as the MQV, varies in thickness from less than one to almost 16 metres. This vein locally splits into multiple veins that vary in thickness down-dip and along strike.

In early 2007, the Company had modeled all prior drill results and found the gold to also be focused in vertically-elongate shoots where the gold grade and thickness have a strong vertical control within the TMT and subordinate structures. The Company intends to thoroughly evaluate the thickness and grade of gold mineralization along the TMT and expects that closely-spaced drilling will be required to define gold resources.

Agreement with San Simon Resources LLC ("SSR")

Under an April 15, 2003 agreement (the "Agreement") with SSR, by expending US$500,000 in exploration costs and other expenses, and making certain property payments, the Company acquired from SSR an 80% interest in 82.00 square kilometers of the Company's total of 296.75 square kilometers of concessions held under a total of six Joint Venture agreements. The Agreement with SSR stipulates that the cost of exploration subsequent to the first $500,000 spent by the Company is to be split according to the relative interests of SSR and the Company, and that if either party does not contribute to an exploration budget, its interest in the subject concessions "… will be diluted according to the industry standard dilution formula based initially on SSR and Eaglecrest having been deemed to have made 20% and 80% respectively of US$2,000,000." During fiscal 2005, a letter was delivered to SSR on behalf of the Company advising SSR that SSR must pay US$1,079,126.51 (being 20% of what the Company had spent on the concessions since earning its 80% interest) if SSR wished to maintain its 20% interest in the property.

In July 2005, SSR responded by letter, claiming in effect that SSR is not obligated to fund any portion of exploration expenses on the San Simon mineral concessions to maintain its percentage interest in those concessions.

SSR alleges that the Company was obligated to prepare a formal joint venture agreement and to inform SSR when the Company incurred sufficient exploration expenses to earn the Company's 80% interest. The Company denies that it had any such obligations under the Agreement or otherwise and points out that the sole provision in the Agreement dealing with a formal agreement states simply that: "Certain aspects of this agreement will be replaced by a formal agreement, the terms of which will supersede (sic) this agreement. All parties agree to negotiate in good faith to complete and execute formal agreement."

That clause does not impose any greater obligation on the Company than it imposes on SSR. The Company does not consider the SSR claim to be meritorious or material. It is the Company's position that it is in compliance with all provisions of the Agreement and SSR has failed to notify the Company of any valid grounds for SSR's claim and the Company will continue with its planned exploration program.

Drilling

During fiscal 2007, Eaglecrest drilled 17,997 metres in 80 holes in an effort to delineate additional gold mineralization in the L463 gold shoot, which is one of at least eight recognized gold shoots in the Doña Amelia zone at San Simon. Once the orientation of gold in the shoots was understood in early 2007, one-third of the drill holes returned high-grade intercepts with over 10 grams per tonne gold.

A total of 16 holes were completed for 5,022 metres during the three months ending December 31, 2006; the fiscal first quarter.

After diamond drilling was reactivated in late March, 2007, the Company's drilling contractor ~~has~~ completed the following work:

	number of drill holes	metres drilled
March 2007	3 (holes 227 to 229)	575
April to June, 2007	52 (holes 230 to 281)	9,538
July to September, 2007	9 (holes 282 to 290)	2,862

All of these holes were drilled in the Trinidad sector of the Doña Amelia zone, and all were focused on the L463 gold shoot.

Results for the some of the first eleven holes drilled in calendar 2007 were made public in a May 2007 press release, as mentioned in the preceding Overview section of this report. Due to the May 2007 resignation of the Company's Bolivian operations manager and the departure of several geologists, much of the drill core had not been logged and sampled by the end of the quarter. By the end of the fourth quarter, the Company had replaced its Bolivian operations manager and employed two new geologists; and the Company made public in the September 25, 2007 news release the entire drill assay results through hole 289.

The performance of the drilling campaign improved during fiscal 2007 as three-dimensional models of the drill results proved valuable in guiding the drill campaign. During the first quarter, only two of the 16 holes returned mineralized intervals greater than 10 grams per tonne gold, while one third of the holes drilled between late March and late September returned mineralized intervals greater than 10 grams per tonne gold.

Bulk Sampling Plant

Material extracted from the Company's underground bulk-sampling program at Trinidad is transported to the Company's bulk sampling plant where it is crushed and milled on a batch basis to determine its in-situ average gold grade. The plant was commissioned in September 2005. As initial operations did not show significant coarse gold in the mill discharge samples, the Company decided to recover gold using the flotation circuit only. The coarse to fine gold ratio is under constant review and if it increases, the gravity circuit of the plant can be activated.

Advance of the TD-1 decline continued during the first quarter of fiscal 2007 with development along the L484W and L463E drifts as well as raises, declines and cross-cuts from these drifts. Underground bulk sampling intersected nine additional diamond drill holes for comparison of diamond drill hole grades with bulk sampling grade.

During fiscal 2007, a total of 9,170 tonnes were milled. Mill throughput was 2,836 tonnes in the three months ending December 31, 2006. As the underground work was inactive during the quarter ending March 31, 2007, the plant did not have material to process. The underground work and plant were reactivated in May, 2007. Mill throughput was 770 tonnes in May and 1,647 tonnes in June. Mill throughput was 3,917 tonnes in the three months ending September 30, 2007.

Sampling in the milling circuit showed the material is grind sensitive and feed rates have been adjusted between five and three tonnes per hour, with the slower rates returning higher recovery percentages.

The fourth and fifth shipments of flotation concentrates were sent for smelting to Peñoles in Mexico.

The on-site standard Fire Assay laboratory, operating independently under the overall supervision of Mr. Hawthorn, a Mineral Processing Engineer and independent Qualified Person, has been preparing standard Fire Assays (FA) on diamond drill core, underground and surface geological samples, and bulk sample processing materials, and concentrate samples. In addition, the laboratory has been preparing screened Metallic Fire Assays (MFA) on selected higher grade samples for determination of a second determination of the gold grade for samples of specific interest.

Subsequent Operating Events

During the period of October 1 to December 31, 2007, the Company's drill contractor completed nine holes with a total of 2,954 metres drilled. All of these holes were drilled in the Trinidad sector of the Doña Amelia zone, including six holes that were drilled into the new L484 gold shoot.

The underground bulk sampling program was suspended after November 10, 2007, as the company decided to dedicate its financial resources to focus on definition drilling of the gold shoots and exploring the new district gold targets. The underground program was originally established to compare gold values from in-situ bulk assay results to assays from the same interval from drill holes collared at the surface, which collect a much smaller sample. While mining techniques, efficiency of the pilot gold plant, and gold extractions between 85% and 95% are valuable information, the program remains of secondary priority to defining a gold resource.

During the period of October 1 to November 10, 2007, the bulk sampling plant processed 1,705 tonnes of material extracted from the Trinidad decline in the underground bulk-sampling program. The plant was subsequently placed on stand-by status. It can readily be brought to a fully functional status and used for metallurgical analysis of bulk samples, including surface gold mineralization in the Paititi or San Francisco area.

In November 2007, the Company sent its sixth shipment of high-grade gold flotation concentrate to the Peñoles smelter in Mexico. The concentrate inventory from bulk sample milling through November is sufficient for another three shipments.

In November 2007, the Company announced the acquisition of the 1,100 hectare Gran San property. Soil and rock chip samples that existed over a 10,000 hectare area surrounding the concession are currently being analyzed for gold content.

By an agreement dated November 16, 2007, the Company has a 50 year option to acquire an additional mineral concession in the San Simon zone in Bolivia, South America for US$25,000 (paid) and US$25,000 within six months of delivery of samples by the optionor. In order to maintain the agreement in good standing, the Company would be required to pay US$25,000 per year thereafter until the commencement of commercial production. This agreement is subject to a 3% net smelter return royalty, of which the Company can purchase 1.5% for US$1,000,000 on or before the end of two years after the commencement of commercial production.

Future Outlook

The forward-looking budget for district exploration and completion of the detailed drilling in the gold shoots of the Trinidad area is estimated to be US$6.94 million. Management is confident that it can leverage its drilling results and land position by completing the following objectives:

During fiscal 2008:

- Complete an in-house resource calculation on San Simon.
- Drill the new exploration targets at San Simon, e.g. the eastern extension of Trinidad mineralization, the San Francisco zone or the new zone at Doña Angela.
- Continue to build both the active and advisory board of directors with members who have financial, M&A and junior exploration resource development experience.

The Company further intends to complete its first NI 43-101 gold resource on San Simon in 2008 and pursue a listing on the TSX Exchange.

Selected Annual Information

	Year Ended September 30 2007 $	Year Ended September 30 2006 $	Year Ended September 30 2005 $
Interest income	19,507	41,719	12,062
Net loss	(2,527,412)	(1,592,579)	(1,433,839)
Basic loss per share	(0.01)	(0.01)	(0.01)
Total assets	40,519,660	35,567,409	27,550,804
Current liabilities	2,108,561	825,262	528,074
Working capital (deficiency)	(1,068,205)	1,635,581	421,193
Cash dividends	Nil	Nil	Nil

The Company has been and is still in the stages of exploring and developing its mineral properties. To date, the Company has not been in a position to earn any revenues from its projects.

Accounting policy is to record the Company's mineral properties at cost. Exploration and development expenditures are deferred until the properties are brought into production, and at which time, they will be amortized on a unit of production basis. In the event the properties are sold or abandoned, the deferred cost will be written off. Considerable sums have been spent on the development of the Company's properties in the past several years, thus resulting in the sizable increases in the Company's total asset base. Working capital was significantly higher in 2006 as in excess $2.9 (US $2.6) million in warrants were exercised during the fourth quarter of that year.

Consolidated net loss for the Company in fiscal 2007 was substantially higher as advertising, corporate development, legal, stock-based compensation, travel and other financing related costs increased substantially during the year.

The Company has not paid any dividends on its common shares and does not intend to pay dividends until such time as the Company is able to earn substantial revenue. All available funds and resources are intended for use in exploring and developing the Company's properties and to finance the operations of the Company.

Overall Consolidated Results

For the year ended September 30, 2007, the Company incurred a consolidated net loss of $2,527,412 as compared to a net loss of $1,592,579 for the same period of the previous year - an increase of $934,833. Increases occurred to the following major accounts:

- Due to management's concentrated effort to raise the necessary funds to continue an aggressive drilling program combined with a major bulk underground sampling project, the Company engaged substantial assistance in the following areas during fiscal 2007:

  Advertising $58,894 (2006 – $2,350)
  Corporate development $479,755 (2006 – $272,309)

- Stock-based compensation pertains to options granted during the period using the Black-Scholes Option Pricing Model. 4,000,000 options were granted during fiscal 2007 (2006 – 2,250,000).

  Stock-based compensation $680,000 (2006 - $465,765)

- During 2007, a one-time lump sum amount of $103,301 was paid to a third party lawyer to settle the cancellation of an agreement involving the sale of the gold concentrate recovered from the Company's underground bulk sampling project in Bolivia.

- In fiscal 2007, the incumbent president was replaced with a new president with substantially more experience within the resources exploration industry. As a result, there was a overlapping of payments of management fees as well as an increase in the fees of the new president.

  Management fees $229,029 (2006 - $191,566)

- Management and appointed consultants incurred significant traveling and promotion expenditures during the current period while seeking out new capital sources and potential investors.

  Travel and promotion $341,036 (2006 - $251,170)

4th Quarter Review:

During the fourth quarter ended September 30, 2007, the Company posted a consolidated net loss of $678,069 as compared to a net loss of $388,426 for the same quarter ended of 2006. Significant accounts and deviations between the quarters are as follows:

Interest income - $1,551 (2006 - $16,829) – during 2006, the Company had substantially more cash on hand, thus resulting in more interest earned on deposits.
Administration – $25,500 (2006 – $16,500) - administration fees are paid to an officer of the Company.

Interest on loan - $128,856 (2006 - nil) – interest on bridge loan financing in 2007 is as follows:

- 8% coupon rate per annum	$ 27,066
- fair value of 702,000 bonus share issued	101,790

Interest on convertible debenture - $18,437 (2006 – nil) – interest on convertible debenture financing in 2007 is as follows:

- 8% coupon rate per annum	$ 7,261
- accretion of convertible debenture	11,176

Consulting – $15,326 (2006 – $16,482) – 2007 fees paid to company owned by former president of the Company.

Insurance - $12,745 (2006 - $22,040) – quarterly amortization of general liability, property and officer and directors' insurance. Costs were higher in 2006 due to keyman insurance taken on the ex-president. Such insurance was not renewed in 2007.

Foreign exchange gain - $76,343 (2006 - $5,071) – a large amount of the Company's payable are denominated in US dollars. As a result of the gain of the Canadian dollar against the US dollar during the 4th quarter of 2007, a substantial foreign exchange gain was recorded on conversion of the US payable to Canadian dollars for presentation in the financial statements.

Corporate development – $212,636 (2006 - $63,668) - $37,302 was paid to a Director of the Company in charge of corporate development. The remaining amount of $175,334 was paid to four other corporate development companies (one in Europe) for development and distribution of Company information material and assisting in making introductions and presentations to potential investors.

Legal - $10,832 (2006 - $21,894) – legal fees pertain mainly to preparing and filing of financing and option documents and other general corporate matters. Numerous exercising of warrants occurred during the fourth quarter of 2006.

Management fees – $45,873 (2006 - $50,551) - fees paid to the president of the Company are in US funds. The exchange rate between the US and the Canadian dollar was higher in 2006.

Stock-based compensation – $164,400 (2006 - $65,670) – the Black-Scholes option pricing model is used to calculate the stock-based compensation as a resulting of the granting of stock options. No such stock options were granted in the fourth quarter of fiscal 2007; however, a correction was adjusted to the calculation of the stock-based compensation pertaining to options granted during the 2nd quarter of 2007.

Travel & promotion – $59,503 (2006 – $147,363) – in addition to shows and conventions and trips by Company personnel throughout the US and Europe meeting with potential investors in their efforts to procure financing, Company personnel also travels on occasions to and from Bolivia – the site of the Company's mineral properties. Such costs can be higher or lower pending the occurrences of such trips during any one quarter.

Write-offs – during 2007 $22,171 in future tax benefits previously recorded by the subsidiary company was expensed as the likelihood of realization the benefits was nil. In 2006, certain long-standing accounts payables were written off resulting in a recovery or a credit to expenses.

Resource Property Values

Mineral property costs increased by $1,370,245 during the quarter ended September 30, 2007 (2006 - $1,997,988).

For a detailed breakdown, see the mineral property schedule in the Company's financial statements.

Summary of Selected Quarterly Information

Quarter Ended	September 30 2007	June 30 2007	March 31 2007	December 31 2006	September 30 2006	June 30 2006	March 31 2006	December 31 2005
Current assets	1,040,356	1,199,610	872,307	368,831	2,460,843	1,867,389	2,345,045	1,805,261
Resource assets	38,903,501	37,533,256	35,137,272	34,088,282	32,579,485	30,581,497	28,792,121	26,856,494
Current liabilities	2,108,561	1,745,894	1,299,850	501,559	825,262	899,177	618,163	435,875
Shareholders' Equity								
Capital stock	55,887,682	55,479,776	52,821,541	51,679,629	51,668.343	48,652,438	47,110,958	42,882,757
Share subscriptions	2,003,570	1,303,068	1,185,268	1,156,000	1,156,000	1,184,935	1,416,415	3,098,962
Contributed surplus	2,715,544	2,354,876	2,360,446	1,844,846	1,844,846	1,836,868	1,844,068	1,428,731
Deficit	(22,454,454)	(21,776,385)	(21,232,257)	(20,248,746)	(19,927,042)	(19,538,616)	(19,225,798)	(18,518,406)
Net loss	(678,069)	(544,128)	(983,511)	(321,704)	(388,426)	(312,818)	(707,392)	(183,943)
Working capital (deficit)	(1,068,205)	(546,284)	(427,543)	(132,728)	1,635,581	968,212	1,726,882	1,369,386
Basic loss per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Significant Item(s) Within the Quarter:

For the three months ended September 30, 2007
- foreign exchange gain of $76,343 due to strength of Canadian dollar
- interest expense of $132,448 due to incurrence of large load of debt financing
- working capital deficit of $1,068,205
- stock-based adjustment of 164,400

For the three months ended June 30, 2007
- deferred resource property costs increased by $2,395,984
- working capital deficit of $546,284

For the three months ended December 31, 2006
- deferred resource property costs increased by $1,048,990
- recorded stock-based compensation of $515,600
- working capital deficit of $427,543
- $10,039 in earned interest as a result of cash deposits with bank.
- deferred resource property costs increased by $1,508,797
- working capital deficit of $132,728

For the three months ended September 30, 2006
- $16,829 in earned interest as a result of cash deposits with bank.
- issued 26,263,938 shares pursuant to the exercise of warrants at average price of US$0.10
- stock-based compensation of $65,670 was expensed as a result of options granted
- deferred resource property costs increased by $1,997,988
- working capital surplus of $1,635,581

For the three months ended June 30, 2006
- $14,334 in earned interest as a result of cash deposits with bank.
- issued 13,066,482 shares through the exercise of warrants at average price of US$0.11
- deferred resource property costs increased by $1,789,376

For the three months ended March 31, 2006:
- issued 14,860,875 shares pursuant to a private placement at US$0.16
- issued 15,003,115 shares through the exercise of warrants at average price of US$0.10
- stock-based compensation of $407,295 was expensed as a result of options granted
- deferred resource property costs increased by $1,935,627

For the three months ended December 31, 2005:
- 950,000 warrants exercised at US$0.10 per share
- working capital surplus of $1,369,386
- deferred resource property costs increased by $953,971

Corporate Development

In addition to in-house corporate development activities such as answering telephone and email enquires, dissemination of Company material, attending trade shows, and maintenance of the Company's website, management in July, 2007, appointed Barnes McInerney Inc., an established investor relations consulting firm based in Toronto as its head advisor. Barnes McInerney Inc. has served the needs of more than 500 public companies in every sector of Canada's capital markets by providing effective strategic consulting and shareholder communications services supported by leading-edge multi-media capabilities. For further information on Barnes McInerney Inc., visit www.barnesmcinerney.com .

Liquidity and Solvency

At this time, the Company has no operating revenues and does not anticipate any operating revenues until the Company is able to find, acquire, place in production and operate a mining property. Historically, the Company has raised funds through loans, shares for debt settlements, private placements and the exercise of options and warrants. Approximately US$5 million was raised during fiscal 2007 (2006 – US$8 million) using these methods and management plans to continue to raise the working capital required in the usual manner for 2008.

The Company has not yet determined whether its properties contain ore reserves. The recoverability of amounts shown for mineral properties is dependent upon the discovery of ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, confirmation of the Company's interest in the underlying mineral claims and leases, and upon sufficient future profits or proceeds from the disposition of its mineral properties.

The market price of metals is highly speculative and volatile. Instability in metal prices may affect interest in mining properties and the development of and production from such properties. Although recent metal prices are nearing record highs, they may not be sustained, and lower metal prices may adversely affect the Company's ability to raise capital to explore existing or new mineral properties.

The Company has incurred losses since inception, and the long term survival of the Company depends on the ability of management to continue raising capital. Due to an aggressive exploration program, without further financing, there will not be sufficient funds to meet the Company's property exploration commitments and payments, and to cover administrative and office expenses for the 2008 fiscal year. Additional funds will be required to continue operations and meet Company objectives. As at the first quarter ended December 31, 2007, the Company has closed a private placement of $4.4 million in financing. Management is constantly actively seeking additional funding and a substantial amount of financing is expected as a result of a large batch of warrants being exercised in February, 2008. While management has successfully raised the necessary capital to finance the Company's operations in the past, there is no assurance that it will continue to be able to do so in the future.

Related Party Transactions

All transactions with related parties have occurred 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 unpaid period end balances referred to below are payable on demand and have arisen from the provision of services described:

During the year ended September 30, 2007:

- A director was paid or accrued $159,529 (2006 - $162,978) for corporate development fees and an officer was paid or accrued $87,000 (2006 - $63,500) for accounting and administration services and at September, 2007 were owed $22,368 (2005 – $12,518) for the unpaid portions of these amounts, which is included in accounts payable.
- Private companies owned or controlled by two directors were paid or accrued $229,029 (2006 - $191,566) in management fees and at September 30, 2007 one such private company was owed $42,388 (2006 – nil) for the unpaid portion of this amount, which is included in accounts payable.
- A law firm of which an officer is a partner was paid or accrued $48,694 (2005 - $64,288) for legal services and at September 30, 2007 was owed $29,793 (2006 - $25,529) for the unpaid portion of this amount, which is included in accounts payable.
- A director of the Company, an officer of the Company and a company controlled by a director of the Company were paid $138,671 for geological consulting services. At September 30, 2007, $41,296 (2006 – nil) of this amount was included in accounts payable.
- Two directors were paid $54,618 for consulting services and at September 30, 2007, $10,000 (2006-nil) of this amount was included in accounts payable.

As at September 30, 2007, accounts payable of $145,845 (2006 – $38,047) due to related parties.

Subsequent Events

The following occurred during the period subsequent to September 30, 2007:

- The Company issued 36,783,283 units pursuant to a private placement at US$0.13 per unit for total proceed of US$4,781,827. Each unit was comprised of one common share and one share purchase warrant to purchase one additional common share at US$0.15 per share until May 14, 2008 and thereafter at US$0.30 per share until November 14, 2009. Finders' fees of US$291,619 cash were paid and 19,230 common shares of the Company were issued in connection with the private placement.
- The Company issued 500,000 common shares at $0.15 pursuant to the exercise of share purchase options outstanding at September 30, 2007 for proceeds of $75,000.
- The Company granted to directors, officers and consultants of the Company share purchase options to purchase up to 1,350,000 shares at $0.18 per share exercisable until January 8, 2013 and 250,000 common shares at $0.15 per share exercisable until January 30, 2008.
- The Company issued 50,000 common shares at US$0.16 (CDN$0.163) pursuant to the exercise of share purchase warrants outstanding at September 30, 2007 for proceeds of US$8,000 (CDN$8,150).