

AMERICAN COPPER CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the period ended June 30, 2008

Directors and Officers as at August 26, 2008

Directors:

Robert Eadie
Gary Arca
Herb Duerr
Gary Hawthorn
Richard Kern

Officers:

President & Chief Executive Officer – Robert Eadie
Chief Financial Officer – Gary Arca

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TSX Venture Exchange Symbol:	AJ

Form 51-102-F1

AMERICAN COPPER CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Period Ended June 30, 2008

1.1 Date of This Report

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the unaudited consolidated financial statements of American Copper Corporation (“American Copper”, or the “Company”) for the period ended June 30, 2008. All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

This MD&A is prepared as of August 26, 2008.

This MD&A includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. 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, exploitation and exploration successes, 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 actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Overall Performance

Description of Business

The Company was incorporated pursuant to the British Columbia Business Corporations Act on January 27, 2006. The Company has one active subsidiary, American Copper Nevada Inc., which was incorporated on May 16, 2006, in Nevada to carry out U.S. operations.

During the fourth quarter ended September 30, 2007, the Company’s prospectus (the “Prospectus”) was accepted in the provinces of British Columbia, Alberta and Ontario in connection with the Company’s initial public offering. The Prospectus qualified the distribution of 4,000,000 Units of the Company at a price of \$0.40 per unit for gross proceeds of \$1,600,000 pursuant to an Initial Public Offering (“IPO”). Each unit consisting of one common share and one-half of one common share purchase warrant, each whole warrant exercisable at \$0.75 for 24 months. The Company was listed for trade on the TSX Venture Exchange (“TSX-V”) on August 20th, 2007. Pursuant to the IPO, the Company paid a cash commission of \$128,000

(8% of the gross proceeds) and issued 125,000 shares of the Company as a Corporate finance fee to the agent. In addition, the agent received 800,000 Agent Warrants (20% of the shares issued) pursuant to the IPO which will entitle the agent to purchase additional shares of the Company at \$0.40 for two years. The Company paid an administrative fee of \$10,000 to the agent and \$15,670 for the agent's expenses. During the year ended September 30, 2007 the Company also paid \$35,145 in legal fees relating to the IPO.

During the period ended June 30, 2008, the Company closed a non-brokered private placement consisting of 2,000,000 Units at a price of \$0.20 per Unit for gross proceeds of \$400,000. Each unit consisting of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.40 for a period of one year. The warrants include an early expiry feature which may be triggered should the common shares of the Company close above \$0.40 for a minimum period of ten trading days. Share capital was debited \$47,948 for the fair value of the warrants issued in the 2,000,000 unit private placements, which was determined using the Black-Scholes pricing model.

The Company paid a cash commission of \$27,200 and issued 204,000 warrants to the agent. The agents' warrants are exercisable at \$0.20 per share until April 25, 2009 and include the same early expiry feature described above. Share issue costs included \$18,118 for the fair value of agents' warrants, which was determined using the Black-Scholes pricing model.

The Company is engaged in the business of mineral exploration in the western United States with special emphasis on Arizona. The Company's objective is to locate and develop economic precious and base metal properties of merit. The Company's material property, as defined by National Instrument 43-101, is the option to acquire 100% of the Squaw Peak in Yavapai County, Arizona State. The Company has also entered into an option agreement to acquire 100% of the Copper Properties in Arizona, New Mexico and Nevada. (see Section 1.4.1).

1.3 Selected Annual Information

The highlights of financial data for the Company for year ended September 30, 2007 and for the period from incorporation on January 27, 2006 to September 30, 2006, being the end of the first financial year end of the Company, are as follows:

	September 30, 2007	September 30, 2006
(a) Net sales	Nil	Nil
(b) Loss before foreign exchange and investment income	(676,666)	(296,823)
(c) Net loss	(686,253)	(294,851)
(d) Loss per share – basic and diluted	(0.05)	(0.05)
(e) Total assets	2,170,504	778,902
(f) Total long-term liabilities	Nil	Nil
(g) Cash dividends declared per-share	Nil	Nil

1.4 Results of Operations

Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the financial statements of the Company and notes attached hereto.

1.4.1 Property Activity

Resource Property – Squaw Peak

Pursuant to an option agreement with MinQuest Inc. (“MinQuest”), a company controlled by certain directors of the Company, dated June 10, 2006, the Company may acquire a 100% undivided interest, subject to a 3% net smelter royalty (“NSR”), in 40 mining claims located in Yavapai County, Arizona State, United States of America (“Squaw Peak”). The former mine workings are situated near the town of Camp Verde, 35 miles east of Prescott, Arizona and about 65 miles north-northeast of the Phoenix metropolitan area. Consideration for the acquisition is cash of US\$1,000,000, reimbursement of the optionor’s costs associated with the acquisition of the property, issuance of 500,000 common shares of the Company, and exploration expenditures of US\$4,500,000 on the property.

The Company may purchase up to one half of the NSR for US\$2,000,000 for each 1% of the royalty purchased (total of \$3,000,000 for the entire 1.5%). During the term of the Squaw Peak option agreement, the Company is responsible for maintaining the claims in good standing, including paying required taxes, fees and rentals, and completing necessary assessment work.

Activity to date

Mining records from World War II era mining at Squaw Peak (which are not NI 43-101 compliant and should not be relied upon) indicate average grades of the veins mined were 1.2% copper, 0.45% molybdenum, 0.50 oz/ton (17 g/t) silver and 0.002 oz/ton (.07 g/t) gold. All of the workings are caved-in and, therefore, no underground sampling has been done by American Copper. Previous surface drilling of the property, the most recent being in 1974, was all vertical and failed to test the near vertical veins.

In the summer of 2006 EDCON-PRJ of Lakewood, Colorado conducted an ultralight aeromagnetic survey for American Copper-MinQuest. The data was interpreted by Fritz Geophysics of Fairplay, Colorado (Fritz, 2006). The survey was flown along east-west lines at 100m spacing with north-south tie lines every 500m. The survey covers an area of approximately 7.8 square miles with the Squaw Peak intrusion and mine at the approximate center of the area.

In July-August of 2006 MinQuest collected soil samples from 373 locations that covered most of the Squaw Peak property including the area of present geologic interest. The samples were collected at 100 meter intervals along east-west lines with 100 meter spacing. The samples were analyzed by ALS Chemex of Reno, Nevada for copper by atomic absorption and the multi-element suite (28 elements including copper) by ICP.

During the period ended June 30, 2008, the Company initiated drilling at its Squaw Creek Project targeting high grade copper/molybdenum veins and stockworks last mined in the 1940's. Initial results, contained in the news release of June 8, 2008, confirm the presence of both high-grade copper-molybdenum-silver and bulk mineable copper-molybdenum targets. All holes drilled remained in copper/molybdenum mineralization their entire lengths. Drill hole SP0803 contained 30 feet (9.1 m) averaging 1.03% Copper ("Cu"), 0.078% Molybdenum ("Mo") and 5.57 oz/ton Silver ("Ag") and included 5 feet (1.5 m) at 0.87% Cu, 0.089% Mo and 13.70 oz/ton Ag. Average values for entire drill holes range from 0.41% to 0.74% copper equivalent. Values for all 8 drill holes are as follows:

Hole #	From (ft)	To (ft)	Interval (ft)	Cu (ppm)	Mo (ppm)	Ag (ppm)	% Cu Equiv.
SP0801 entire DH	0	55	55	6507	397	3.7	1.02
	0	299	299	3465	154	1.7	0.48
SP0802 entire DH	15	40	25	4552	96	9.0	0.60
	220	275	55	4829	199	3.0	0.66
	295	402.7	107.7	6410	242	1.7	0.85
	0	402.7	402.7	4157	149	2.4	0.55
SP0803 including entire DH	10	40	30	10287	777	191.0	3.00
	25	30	5	8680	898	468.0	4.81
	240	270	30	6625	352	4.2	1.00
	300	480	180	6415	261	2.8	0.89
	535	555	20	6578	338	1.2	0.96
0	577.5	577.5	4645	204	12.1	0.73	
SP0804 entire DH	0	45	45	8331	961	0.8	1.68
	0	301	301	3018	264	1.5	0.54
SP0805 entire DH	0	65	65	8881	560	3.5	1.40
	0	301.7	301.7	4534	269	1.7	0.70
SP0806 entire DH	105	375	270	6217	383	2.4	0.97
	395	430	35	4830	323	0.9	0.77
	0	557	557	4959	265	2.0	0.74
SP0807 entire DH	15	35	20	6003	39	2.7	0.65
	125	175	50	5275	41	2.1	0.58
	260	280	20	6783	100	2.6	0.78
	0	412.5	412.5	3526	51	1.5	0.41
SP0808 entire DH	80	185	105	5941	289	2.8	0.87
	0	304	304	4237	151	1.8	0.57

*Percent Copper Equivalent calculated using Cu=\$3.82/pound, Mo=\$33.50/pound, Ag=\$17.64/ounce

** True width is undetermined as every hole ended in mineralization.

A total of 8 vertical and angle core holes were drilled totaling 3,155.4 feet (962 m). The initial holes attempted to locate high-grade mineralization similar to that found on the upper mine dump of the property as well as begin exploring the bulk-mineable potential of the property. The holes, drilled from two sites approximately 400 feet (122 m) apart, tested to a vertical depth of 300 to 500 feet. Additional drilling will be needed to determine the extent of the mineralization.

The core was sawed in half and one-half sent to ALS Chemex in Reno, Nevada for analysis. Analysis was by ICP with checks done by XRF. Copper and silver overlimits were run by AAS.

American Copper's plan map and cross sections of its recent drilling program will be available shortly on its website <http://www.americancoppercorp.com>.

Richard Kern (P.Geol) of Reno, Nevada, a director of the Company and is the Company's qualified person on the projects as required under NI 43-101 and has prepared the technical information contained in this section 1.4.1 of the Management discussion and analysis.

Resource Property – Copper Properties

The Company optioned a land package comprised of five separate copper properties located in Arizona, New Mexico and Nevada (collectively, the "Properties"). The Properties are comprised of 630 claims covering a total of 19.6 square miles in Santa Cruz, Gila and Yavapai Counties (Arizona), Grant County, New Mexico, and Humboldt County, Nevada.

Under its Option Agreement with MinQuest Inc. of Reno, Nevada, the Company must reimburse MinQuest its acquisition costs which include filing fees, holding fees and staking fees made by MinQuest in relation to the Properties. MinQuest will retain a 3% net smelter royalty. The Company can earn a 100% interest in the Properties or any portion thereof (subject to the 3% NSR) by expending an aggregate amount of US\$25,000,000 on one or any combination of claims forming the Properties, and issuing 3,650,000 shares, over a period of ten years and seven years, respectively. The Company has the right to purchase up to one half of the royalty in each of the five properties on the basis of \$2 million per each 1% of the royalty.

The Properties lie within major mineralized trends as follows:

Copper Springs – 102 claims cover an area of about three square miles within the prolific Miami-Globe mining district in Arizona. This area is the site of significant past and present production as well as intense exploration for new ore deposits of copper and molybdenum. Historic drilling at Copper Springs has discovered near surface indications of copper mineralization.

Patagonia – 350 claims cover an area of over 11 square miles within the Patagonia mining district of Santa Cruz County, Arizona. Several historic resources (not NI 43-101 compliant) of copper, molybdenum, zinc and silver are reported to occur within the property. The USGS reports that the mineralization is hosted in porphyry intrusive, breccia pipes, and in skarn within the company's claim block.

Cobre – 45 claims cover an area of approximately 1.4 square miles within the Tyrone mining district of Grant County, New Mexico. Phelps Dodge (now Freeport-McMoRan) continues to produce from the nearby Tyrone copper mine. The mineralization is hosted in intrusive rocks similar to the Tyrone mine. Although no known resources are present within the Company's property boundary, surface indications of oxide copper are common.

CB Claim Group – 82 claims cover approximately 2.6 square miles within Yavapai County, Arizona. Historic work on this property indicates low grade copper-molybdenum-silver mineralization occurs within the boundary of the Company's claim group. A central core of higher grade mineralization has been recognized, but poorly defined to date.

Gregg Canyon – 51 claims cover approximately 1.6 square miles within the Adelaide mining district in Humboldt County, Nevada. Historic drilling on this project has defined molybdenum mineralization hosted within granite. Numerous areas of surface mineralization have been identified, but remain untested by drilling.

Richard Kern and Herb Duerr, both directors of the Company, each hold a 50% interest in MinQuest, and accordingly the transaction is deemed to be a related party transaction under TSX Venture Exchange policies. Mr. Kern's and Mr. Duerr's shareholdings in the Company will change over ten years as a result of this transaction. The option agreement was reviewed and approved by the board of directors, with both Mr. Kern and Mr. Duerr abstaining from voting on the resolution. The Company did not obtain a formal valuation of the Properties, as the same are of indeterminate value, and will be assessed over the life of the option to determine if in fact the option price is warranted. The Company received minority shareholder approval and the approval of the TSX Venture Exchange on February 25, 2008. The board of directors is of the view that the terms of the option agreement are favorable to the Company, present limited risk to the Company, and it is reasonable to proceed with the option agreement upon receipt of TSX Venture Exchange approval.

During the term of the Copper Properties option agreement, the Company will be responsible for all applicable reclamation statutes, regulations and ordinances relating to such work, maintaining the interests in these properties in good standing, payment of taxes and rentals and all other actions necessary to keep the claims free and clear of all liens and other charges so as to not jeopardize property title.

Proposed Exploration Program

The Company announced on May 5, 2008 that it has initiated a core drilling program at its Copper Springs Project targeting near surface copper mineralization. The Company plans to drill approximately 4,200 feet (1,280 m) in 14 holes.

Historic drilling on the property by Exxon, Kerr-McGee and others (which are not NI 43-101 compliant and should not be relied upon) indicate two near surface target areas which contain chalcocite and copper oxides oriented in apparent open-pit configuration. Drilling has been prioritized from recent mapping and an IP geophysical survey completed by the Company over the western target. The previous drill programs on the property, the most recent being in 1973, were wide spaced and failed to test large areas of the project.

The current drilling program will test the grades and extent of known mineralization in the western target area. The program is designed to test both geologic and geophysical targets. The Company's ultimate goal is to define an open pit copper ore body amenable to low cost SXEW technology.

Activity to date

During the period ended June 30, 2008, the Company received initial results, contained in the news release of June 18, 2008, for three of the fourteen holes completed on the Copper Springs Project. The first three drill holes have returned significant copper values equal to or better than the historic drill results. Drill hole CS0802 contained 20 feet (6.1 m) averaging 0.50% Cu. Drill hole CS0803 contained 50 feet (15.2 m) averaging 0.54% Cu including 20 feet (6.1 m) grading 0.87% Cu. Drill hole CS0804 contained 65 feet (19.8 m) averaging 0.44% Cu. The remaining 11 drill holes are in the process of being split and will be shipped to ALS Chemex for assay.

A total of 14 vertical core holes were drilled along existing U.S. Forest Service roads. Several holes were drilled near previous holes to compare current and historic values. The bulk of the drilling was concentrated west of any known drilling to enlarge the footprint of known mineralization. This first phase of drilling amounted to 3,853.2 feet (1174 m) and averaged 275 feet (84 m) deep. At least two holes failed to reach their planned depths due to caving. The holes were spaced from 300 to 400 feet (92 to 122 m) apart. The initial holes were drilled to confirm previous grades, complete initial metallurgy and attempt to increase the size of known mineralization. Additional drilling will be needed to determine the total extent of the mineralization within the western target.

The core was sawed in half and one-half sent to ALS Chemex in Reno, Nevada for analysis. Analysis was by ICP. Copper and silver overlimits were run by AAS. An acid soluble digestion is being performed to ascertain the potential for SXEW recovery.

American Copper is currently preparing a plan map and cross sections of its recent drilling program for release on its website <http://www.americancoppercorp.com>.

Richard Kern (P.Geol) of Reno, Nevada, a director of the Company and is the Company's qualified person on the projects as required under NI 43-101 and has prepared the technical information contained in this section 1.4.1 of the Management discussion and analysis.

Property Expenditures Summary

The Company is a venture issuer that has not had significant revenue from operations in either of its last three financial periods. The Company has capitalized all expenditures relating to the exploration of its mineral property. Details of deferred expenditures for the properties are as follows:

	Cumulative June 30, 2008	Cumulative September 30, 2007
<u>Squaw Peak - Actual Expenditures</u>		
Acquisition costs	\$ 47,882	\$ 47,882
Claim maintenance fees	65,289	65,289
Claim staking costs	99,889	99,889
Drilling	246,958	-
Geological consulting	183,279	113,382
Geophysics	50,757	50,757
Legal consulting	7,590	7,464
Mapping & reports	80,347	74,820
Sampling	50,329	32,320
Site visits & accommodation	27,954	14,444
Surveys	3,012	-
	\$ 863,286	\$ 506,247
<u>Copper Properties – Actual Expenditures</u>		
Acquisition costs	\$ 531,546	\$ 116,463
Drilling	206,365	-
Geological consulting	58,282	-
Geophysics	16,424	-
Sampling	20,137	-
Site visits & accommodation	23,171	-
	855,925	116,463
Total Properties	\$ 1,719,211	\$ 622,710

1.4.2 Results of Operations

The loss for the period ended June 30, 2008 was \$506,131. Amounts for the period ended March 31, 2007 are provided for comparative purposes. The details of the expenses are as follows:

	Nine months ended	
	March 31,	
	2008	2007
Accounting and audit fees	\$ 12,637	\$ 22,729
Amortization	4,321	3,894
Bank charges and interest	1,180	675
Consulting fees	36,354	63,055
Corporate and administration fees	43,750	16,150
Filing fees	26,222	29,486
Insurance	5,047	663
Legal fees	4,011	289
Management fees	45,000	45,000
Office and miscellaneous	36,968	22,731
Property investigation	1,830	35,576
Rent	20,364	10,597
Shareholder communications	111,398	886
Share based compensation	137,607	347,000
Travel	32,603	15,636
Foreign exchange loss (gain)	1,967	1,878
Interest and investment income	(15,128)	(7,364)
Net loss for the period	\$ (506,131)	\$ (608,881)

The Company completed its IPO in the previous year ended September 30, 2007 and has fully commenced exploration activity. The Company was in the start up phase during the comparative period ended June 30, 2007 and as a result, expenditures for that period vary from the current period ended June 30, 2008 when normal exploration activity and operations commenced. Current activity includes accounting and audit fees of \$12,637, consulting fees of \$36,354, management fees of \$45,000, shareholder communications and travel of \$111,398 and \$32,603 respectively, and office costs of \$36,968. Filing fees of \$26,222 include initial fees relating to the Company's registration with the TSX Venture Exchange. Interest income also increased over the comparative period to \$15,128 resulting from capital raised through the IPO and from private placements. The most significant expense for the period ended June 30, 2008, was the Stock based compensation expense of \$137,607 which was the fair value calculated of the stock options granted and vested during the period. This compares to an expense of \$347,000 reported for the comparative period ended June 30, 2007 on 1,150,000 options granted in that period. The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant and the expense will vary depending on the subjective variables which affect this calculation, including expected annual volatility and risk-free interest rate.

The current period ended June 30, 2008 also includes administration related to exploration activity on Squaw Peak and the Copper Properties.

Investor Relations Activities

During the period ended June 30, 2008, the Company responded to investor inquiries. There were no formal investor relations agreements in place.

Financings, Principal Purposes & Milestones

The Company completed a private placement in November, 2006 and issued 1,680,000 shares of the Company at a price of \$0.25 per share, for gross proceeds of \$420,000. In May, 2007, the Company received \$24,000 from Directors for issuance of 96,000 common shares at \$0.25 per share. During the fourth quarter ended September 30, 2007 the Company completed an IPO and distributed 4,000,000 units comprised of one share and one-half of one share purchase warrant at a price of \$0.40 per unit . During the period ended June 30, 2008, the Company closed a non-brokered private placement and distributed 2,000,000 units comprised of one share and one-half of one share purchase warrant at a price of \$0.20 per unit – see section 1.2 above.

1.5 Summary of Quarterly Results

The following is a summary of the Company’s financial results for the seven most recently completed quarters for which financial information is available:

	Q3 30-Jun-08	Q2 31-Mar-08	Q1 31-Dec-07	Q4 30-Sept-07	Q3 30-Jun-07	Q2 31-Mar-07	Q1 31-Dec-06
Net Loss:							
Total	\$(131,469)	\$(263,416)	\$(111,246)	\$(77,372)	\$(92,139)	\$(440,954)	\$(75,788)
Per share							
- basic and diluted	\$(0.01)	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.03)	\$(0.01)

Discussion

For the discussion on the period ended June 30, 2008, please refer to Section 1.4 Results of Operations.

1.6 Liquidity

In management’s view, given the nature of the operations, which currently consist of agreements covering resource properties, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company’s financial success will be dependent upon the extent to which it can determine whether its resource properties contain reserves, which are economically recoverable.

Such development may take years to complete and the amount of resulting income, if any, is difficult to determine. The Company does not expect to receive significant income in the foreseeable future.

As at June 30, 2008, the Company had working capital of \$333,658 which management believes may not be adequate to meet the Company’s working capital needs over the next 12 months or more. Historical capital needs have been met by equity subscriptions. The Company will require additional financing to fund future acquisitions and explorations. If required, Company anticipates funding any property investigations, proposed exploration programs and anticipated administrative and overhead expenses through additional equity subscriptions, such as private placements or through the exercise of warrants. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or desired. (*see 1.4 – Financings, Principal Purpose and Milestones*).

1.7 Capital Resources

The only capital resource of the Company are the Resource properties, with historical costs of \$1,719,211 as at June 30, 2008. The Company is committed to further expenditures on the properties, as detailed in Section 1.4 Results of Operations.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed. The Company has optioned its mineral properties from a private company controlled by two directors of the Company.

1.9 Transactions with Related Parties

The Company incurred the following costs with companies controlled by directors of the Company and with companies controlled by significant shareholders:

	Nine months ended June 30,	
	2008	2007
Consulting fees	\$ 22,500	\$ 25,000
Management fees	45,000	45,000
Property investigation	1,819	-
Resource properties - deferred expenses	88,843	52,891
Resource properties - acquisition expenses	6,525	-
	\$ 164,687	\$ 122,891

These expenditures were measured by the exchange amount, which are the amounts agreed upon by the transacting parties.

Included in prepaid expenses at June 30, 2008 is a \$2,500 (September 30, 2007 – \$2,500) deposit to a company with a common director.

Included in Resource properties at June 30, 2008 is \$302,536 (September 30, 2007 – \$Nil) of acquisition costs and deferred expenditures which were incurred by and reimbursed to MinQuest, a company controlled by a director of the Company.

Included in accounts payable at June 30, 2008 is \$Nil (September 30, 2007 – \$3,730) due to a company with a common director for unpaid expenses.

Included in the statements of operations for the period ended June 30, 2008 are \$35,898 (June 30, 2007 – \$12,893), of general and administrative expenses which were incurred by and reimbursed to a company with a common director.

During the period ended June 30, 2008, the Company issued 275,000 common shares to a company with a director in common pursuant to the Squaw Peak option agreement.

1.10 Third Quarter

The third quarter results differ significantly from other quarters in the prior year due to the IPO costs and commencement of normal operations. The third quarter results are comparable with other quarters in the current fiscal year. See Section 1.4 for discussion of variances.

1.11 Proposed Transactions

N/A

1.12 Critical Accounting Estimates

Resource Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on an annual basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

Impairment of Long-lived Assets

Canadian generally accepted accounting principles require that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized. Management believes there has been no impairment of the Company's long-lived assets as at June 30, 2008.

Stock-Based Compensation

The Company has a stock-based compensation plan, whereby stock options are granted in accordance with the policies of regulatory authorities. The fair value of all share purchase options granted are expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes valuation model to determine the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimated and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

1.13 Changes in Accounting Policies Including Initial Adoption

The Company has not changed or adopted any new accounting policies during the period ended June 30, 2008.

1.14 Financial and Other Instruments

The carrying value of the Company's financial instruments, consisting of cash, deposits and accounts payable and accrued liabilities approximate their fair value due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The economic recoverability of the properties' reserves has yet to be determined. The recoverability of amounts from the properties will be dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying properties, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under the property agreement and to complete the development of the properties and upon future profitable production or proceeds from the sale thereof. The outcome of these matters cannot be predicted with any certainty at this time.

1.15 Other

1.15.1 Disclosure of Outstanding Share Capital as at March 31, 2008:

	Number	Book Value
Common Shares	18,936,001	2,741,919
Contributed Surplus	-	918,673

The Company approved a share option plan which allows for options to be granted of up to 10% of the outstanding shares. The options will be exercisable for a maximum of 5 years from the date of grant. As of June 30, 2008, 1,890,000 share purchase options exercisable at \$0.25 - \$0.40 per share had been granted to directors, key employees and consultants. The options are exercisable for a period of five years from date of grant.

The Company has 3,000,000 share purchase warrants outstanding entitling the holder to acquire an additional common share at \$0.40 - \$0.75 per share and 1,004,000 agent warrants outstanding entitling the agents to acquire a common share at \$0.20 - \$0.40 per share, with expiry dates from April 25, 2009 to August 20, 2009.

1.15.2 Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. The Company's Chief Executive Officer and Chief Financial Officer evaluated the Company's disclosure controls and procedures for the period ended June 30, 2008 and have found those disclosure controls and procedures to be adequate for the above purposes.

There have been no significant changes in the Company's disclosure controls or in other factors that could significantly affect disclosure controls subsequent to the date the Company carried out its evaluation.

During the Company's most recently completed period ended June 30, 2008, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to affect, its internal control over financial reporting.

1.15.3 Internal Controls Over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with Canadian generally accepted accounting principles. We have designed and implemented a system of internal controls over financial reporting which we believe is effective for a company of our size. During the review of the design of the Company's control system over financial reporting it was noted that due to the limited number of staff, there is an inherent weakness in the system of internal controls due to our inability to achieve appropriate segregation of duties. The limited number of staff may also result in identifying weaknesses with respect to accounting for complex and non-routine transactions due to a lack of technical resources, and a lack of controls governing our computer systems and applications within the Company. While management of the Company has put in place certain procedures to mitigate the risk of material misstatement in the Company's financial reporting, it is not possible to provide absolute assurance that this risk can be eliminated.