SUPERIOR MINING INTERNATIONAL CORPORATION
FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
PERIOD ENDED OCTOBER 31, 2009

The following discussion and analysis, prepared as of December 29, 2009, should be read together with the unaudited consolidated financial statements for the period ended October 31, 2009 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the annual audited consolidated financial statements and the Management Discussion and Analysis for the year ended July 31, 2009.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Description of business

The Company is a Canadian company incorporated in the Yukon Territory and trades on the TSX Venture Exchange under the symbol SUI. On May 10, 2006, the Company changed its name to Superior Mining International Corporation from Superior Mining Corporation and consolidated its outstanding shares on a basis of five existing shares to one new share. The Company is primarily engaged in the acquisition and exploration of mineral properties in New Zealand and South Africa. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

Mineral properties

Ross Alluvial Goldfield, New Zealand

Victory Gold Project (formerly named the Placer Property)

In November 2007, the Company entered into an option agreement to acquire a 100% ownership in certain mineral permits of a mineral property located near Ross Township, New Zealand through the purchase of all of the shares of Placer Gold Resources.

The Company has recently amended the option agreement in order to advance the project more rapidly. Under the terms of the amended and restated option agreement (the "Agreement"), Placer and its shareholders have granted the Company a 24 month option to acquire a 100% interest in the permits comprising the Victory Property by carrying out an exploration program, constructing a placer mining facility (the "Plant") on that property, and processing 10,000 cubic meters of material through the Plant. The Agreement is structured as an option to purchase all of the issued and outstanding shares in the capital of Placer Gold, a New Zealand company.

Upon exercise of the option, Superior will grant to the Victory Shareholders a 7% net smelter royalty on the Property. In contrast to the previous option agreement, the Company is no longer required to complete a bankable feasibility study nor pay any advance royalty prior to commencing production on the property. This will permit Superior to advance the project quickly. Subject to the results of the aforementioned work program, the Company can proceed to build the Plant for the purpose of exercising the option and advancing the project to production. During the option period the Company will be entitled to manage all of the required exploration and development work on the Victory Property

The property comprises 2,906 Ha of Pleistocene blacksand leaders, which form part of raised beach deposits, buttressing up against moraine outwash terraces. Gold, along with ilmenite, magnetite, garnet, zircon and other heavy minerals (Minehan, 1989) is concentrated into lenticular beach placers of which a number are currently being exploited by mining operations along strike to the northeast and southwest. An airborne helimag survey flown in 2008 by Southern Geoscience Consultants identified a number of magnetic lineaments coincident with Quaternary-aged strandlines. In the northern portion of the property ground truthing of shallow linear magnetic anomalies identified two distinct target types: i) localized higher-grade embayment type strandline mineralization where moraine terraces have created lower energy depositional regimes, and ii) large tonnage potential exposed long-drift derived strandlines. Based on inspections of current mining operations and obvious implications for the Company a decision was made to undertake a limited RC drilling program targeting an obvious embayment target and shallow magnetic strand line deposits. Some terrain access restrictions influenced the sighting of drill hole locations.

Significant high grade gold intercepts were reported from a number of the shallow RC drill holes. The most impressive of these included: **PRC014 graded 5.97 g/t over 6 metres from surface,**
PRC 01 graded 6.15 g/t over 1 metre from 15.0 metres,

The Company is particularly encouraged by these preliminary drilling results (see Table below for all drill results), considering that the obvious linear magnetic feature (and inferred higher gold potential) immediately to the east and directly below the glacial moraine embayment has yet to be tested

Victory Property – Significant Reverse Circulation (RC) Drill Hole Results

Drill Hole	Hole Depth (m)	From (m)	To (m)	Interval (m)	Au (g/t)	Comments
PRC-01	18.0	1.0	18.0	**17.0**	**0.59**	Interval 15.0-16.0 m: 1.0 m @ 6.15 g/t
PRC-04	10.0	0.0	10.0	**10.0**	**0.29**	
PRC-05	10.0	0.0	10.0	**10.0**	**0.18**	
PRC-09	9.0	0.0	9.0	**9.0**	**0.55**	
PRC-014	10.0	0.0	10.0	**10.0**	**0.28**	Interval 0.0-6.0 m: 6.0 m @ 5.97 g/t
PRC-016	13.0	0.0	13.0	**13.0**	**0.28**	Interval 0.0 – 7.0 m: 7.0 m @ 0.50 g/t
PRC-017	10.0	0.0	10.0	**10.0**	**0.14**	

The majority of West Coast placer gold mining operations appear to be profitable at 0.13 g/t - 0.16 g/t (based upon personal communications with five private mining companies). Grades both on the property and along strike in current mining operations are often in excess of 0.60 g/t and thus suggest potential for "high grade" placer deposits (based upon personal communications with two private companies who have encountered grades as high as 5 g/t in prospecting trenches along the same beach strandline that is being investigated on the Victory ground – a Qualified Person has not verified these numbers on behalf of the Company). With the current well established mining infrastructure the potential exists for the Company to quickly establish operations in order to generate cash flow. There is no certainty such an operation would be economically viable

Pursuant to the Agreement, and in addition to the initial drilling program as reported above the Company has made a firm commitment to infill drill approximately 20 holes to 20 meter depth and 20 additional holes to 20 meter depth (approximately 800 m of total new drilling) along 8 km of the old railway bed, including sampling and assaying of results. Twelve (12) holes have been completed to date. In order to exercise the option, in addition to constructing the Plant, Superior must (a) perform between 3 and 4 bulk sample tests, (b) apply for resource consents as needed and mining permits as warranted, and (c) process 10,000 cubic meters of material through the Plant.

Currently the Company is excavating 2 to 5 test pits (each 1,000 cubic meters) on the area known as Butler's Land Fill and Cook Farm, located in the central western portion of the property. The excavation and evaluation of the test pits has begun using a mobile gold processing plant.

Ross Project

In October 2007, the Company entered into an option agreement to acquire a 100% ownership in certain mineral permits, licenses and applications to a mineral property located near Ross Township, New Zealand through the purchase of the shares of R & M Mining Limited.

The Company can acquire 100% ownership of R & M Mining Limited and its permits and any other further permits by completing a feasibility report within five years. If the measured and indicated mineral resource, defined in the feasibility report, contains a minimum of one million ounces of gold on the property, the Company will pay $5,500,000 AUD (approximately $5,372,000 CAD) and $5.00 AUD (approximately $4.88 CAD) for each additional ounce of gold. If the ounces of gold on the property are less than one million ounces, the Company will pay a purchase price based on a formula of $5.50 AUD (approximately $5.37 CAD) for each ounce of gold. The timeframe within which this option can be executed covers some 60 months from date of signing.

The property comprises gold placers found in the Pliocene Old Man Group gravels, thought to represent erosional products of cyclic outwash deposits and moraine fronts of successive glaciers. The Old Man Group comprises three units, with the upper most member (Humphrey's Conglomerate) considered to the most prospective for gold placer concentration. Historical mining of "stacked" gold leaders from this unit and to a much lesser extent of the underlying Jones Formation and Donnelly Conglomerate, immediately to the north of the property, reported gold production of 168,000 oz (1890-1920) and 130,000 oz (1985-2002).

Remnant gold leaders of the Humphrey's Conglomerate are still visible today in the southwestern pit wall. Based on mapped southern extensions of the Humphrey's Conglomerate (Hancock, 1980) together with the presence of 1900's sunken shafts (to maximum depth of 125 m) on the southern property margin clearly demonstrate the resource potential. As a result the Company undertook during the reporting period a series of excavator dug trenches and test pits in the northern portion of the property (closest to the 1985-2002 dug pit) to confirm this concept prior to the commencement of a reverse-circulation (" RC") drilling.

Six (6) widely spaced RC hole were drilled in the northern half of the property based upon positive indications of gold bearing alluvial horizons. Three holes (RC01, RC03 & RC04) intersected auriferous gravels, whilst the remaining three holes intersected unprospective Pah-pah shallow marine sediments. Results are detailed in the Table below:

Ross Project – Significant Reverse Circulation (RC) Drill Hole Results

Drill Hole	Hole Depth (m)	From (m)	To (m)	Interval (m)	Au (g/t)	Comments
RC01	**85.0**	**1.0** (incl. 1.0	**37.0** 4.0	**36.0** 3.0	**0.33** 1.37)	Drill hole recovery 1.0-18.5 m ranging from 34.5-135.0%
RC03	**95.0**	**0.0** incl. 21.0 **68.0**	**24.0** 22.0 **72.0**	**24.0** 1.0 **4.0**	**0.27** 5.45 **0.71**	Drill hole recovery 0.0-10.0 m ranging from 25-95%

Preliminary drilling has identified the presence of southerly trending auriferous leaders that although are confined in the north, have greater volume potential in the central and southern parts of the property areas. A further round of drilling will be undertaken to test tonnage and grade potential, which, if positive, would allow the Company to establish its own mining operation, or provide "feed" to a nearby (less than 1.0 km trucking distance) operation.

Mangalisa Property, South Africa

- In October 2007, the Company was granted the right to explore for Witwaterstrand Basin-hosted gold mineralization in the eastern part of the Free State Goldfield.
- Subsequent to October 31, 2009, the Company entered into an agreement with Minco Mineral Holdings (Pty) Limited ("Minco"). Pursuant to the agreement, Minco has the option to acquire 90% of the Company's directly controlled shares in Turquoise Moon Trading 403 Pty. Ltd ("TMT") by spending USD$10,000,000 on the development of TMT's Mangalisa Project. The Company holds a 74% interest directly. The Company also holds a further 13% interest in TMT indirectly. If Minco expends the full USD$10,000,000 the Company' direct and indirect interest in TMT will be reduced to 20.4% (7.4% directly and 13% indirectly).
- The Company's objective through the Minco agreement, is to evaluate its property area using diamond drilling to determine whether one or more gold enriched reefs occur and thereafter to determine whether a mineable ore deposit can be delineated.
- The Free State Goldfield is one of the six major goldfields comprising the Witwatersrand Basin in South Africa. The Witwatersrand Basin contains a nearly continuous rim of mines over a distance of 300 km with historical production of 1.5 billion ounces of gold since 1887. It is by far the largest extent of gold mineralization of any coherent geological entity so far discovered in the world.
- The granted lease, which covers an area of approximately 180km^2, is located to the east of the village of Riebeekstad which is a few kilometers from the well established mining town of Welkom.
- The exploration license is underlain by Central Rand Group rocks which host the gold bearing quartz pebble placer reefs of the Witwaterstrand Basin.

- Established mines of the Free State goldfield are located to the south of Superior's property as well as a few kilometers to the west on the western side of the De Bron structure which is a well known geological feature of the Free State Goldfield.
- The mines of the Free State goldfield (the first of which was established in 1949) have collectively produced more than 300 million ounces of gold as well as a substantial amount of bi-product uranium. The gold and uranium ore has been recovered principally from the Basal Reef (a reef generally less than 1 meter thick) which is widespread in its distribution across the goldfield. A number of other reefs located above the Basal Reef, with more local or confined distribution, have also been mined in places. The other reefs include the Leader, "B", "A", and Beatrix reefs. The Basal, "B" and "A" reefs are all reported to be mined on the Masimong 5 mine immediately south of Superior's property.

The Company has previously completed an exploration drilling program at its Mangalisa property in the eastern part of the Free State Goldfield, South Africa. This program represents an important milestone for the Company as the Company launches its exploration efforts and works to advance its South African asset base.

On February 17, 2009 the Company announced assay results from an exploration drilling program at its Mangalisa property.

SIGNIFICANT INTERSECTIONS:

PG-1 / 12 776.32 – 776.77 (0.45 m) @ 45.8 g/t Au & 3.79 kg/t U
[Inc] 776.56 – 776.77 (0.21 m) @ 91.8 g/t Au & 7.24 kg/t U

PG-1 / 13 776.13 – 776.45 (0.32 m) @ 51.1 g/t Au & 4.27 kg/t U

PG-1: Re-opened 1998 drill hole (UMT: 35J, X: 3,080,224, Y: 0,011,792, Elevation: 1,395 m AMSL, Direction: 263o, Inclination: 85o)
/ xx: Deflection number. Deflections 0 to 10 were drilled in 1988. Core was not recovered from Deflection 11.

These results represent an important discovery for the Company, highlighting the presence of significant gold and uranium mineralization at much shallower depths than that found in the majority of mines currently operating within the Witwatersrand Basin. The highest gold and uranium grades are contained within a thin, small pebble conglomerate band and the associated carbon seam at its base. This reef has been named the 'Erfenis Reef' and forms part of a reef system that has been intersected at a depth of less than 800 metres (m). In comparison, Harmony Gold's operating Masimong gold mine, located less than 10 km south of the Company's property, produced 117,575 ounces of gold during the 2008 fiscal year from reefs approximately 2,000 m deep (www.harmony.co.za).

A total of seven pre-collar percussion holes plus three water wells were drilled initially (2,394 m drilled). Two of the percussion holes were then deepened by diamond drilling and one historical hole, previously drilled in 1988, was re-opened. Further work included the completion of wedging and deflection drilling of seven separate deflection intervals (1,350.6 m drilled by diamond drill). Samples were collected and analyzed from select intervals from two drill holes, PG-1 and ERF-1, and their respective deflections. Assay results from significant intersections in hole PG-1 are presented above. No other significant intersections were encountered.

Drilling of ERF-2 was suspended prior to completion pending receipt of analytical results and geological interpretation of core from PG-1 and ERF-1. The need for continued drilling of ERF-2 and the other four pre-collared holes (ERF-3, ERF-4, NGT-1 and NGT-2) will be reassessed based on the geological interpretation of the available core and assay results. These studies will form the basis for the next phase of exploration on the property.

Results of operations

During the year ended July 31, 2009, the Company:

1) granted 600,000 stock options resulting in stock-based compensation using the Black-Scholes option pricing model of $40,030 of which $19,216 was expensed and $12,110 cancelled in the current year, and the remaining $8,704 will be expensed as the options become exercisable over the next year and a half.

2) wrote-off the carrying value of 7,210,000 shares in Pamodzi Gold Limited to NIL at July 31, 2009 resulting in an unrealized loss on investment of $3,839,412.

3) wrote-down the investment in Plan Notes to equal the fair value at July 31, 2009 resulting in an impairment of $218,531.

Summary of quarterly results

	Three Months Ended October 31, 2009	Three Months Ended July 31, 2009	Three Months Ended April 30, 2009	Three Months Ended January 31, 2009
Total assets	$ 2,894,969	$ 2,375,296	$ 3,181,940	$ 3,480,388
Mineral properties and deferred costs	1,652,683	1,602,574	1,388,276	1,075,034
Working capital (deficiency)	(159,524)	(625,529)	(416,598)	7,874
Shareholders' equity	2,093,257	1,578,034	2,450,332	2,653,564
Net loss	(282,801)	(874,359)	(214,740)	(1,331,398)
Basic loss per share	(0.01)	(0.02)	(0.01)	(0.04)
Diluted loss per share	(0.01)	(0.02)	(0.01)	(0.04)

	Three Months Ended October 31, 2008	Three Months Ended July 31, 2008	Three Months Ended April 30, 2008	Three Months Ended January 31, 2008
Total assets	$ 4,876,673	$ 7,179,340	$ 12,406,055	$ 14,972,901
Mineral properties and deferred costs	699,599	358,089	454,107	236,054
Working capital	517,361	1,030,666	1,346,958	1,583,044
Shareholders' equity	3,957,119	6,345,525	9,411,954	11,828,170
Net loss	(2,437,933)	(3,183,385)	(2,681,708)	(6,442,880)
Loss per share	(0.07)	(0.09)	(0.07)	(0.20)
Diluted loss per share	(0.07)	(0.09)	(0.07)	(0.20)

Liquidity

The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	October 31, 2009	July 31, 2009
Working capital (deficiency)	$ (159,524)	$ (625,529)
Deficit	(15,673,872)	(15,391,071)

Net cash used in operating activities for the period ended October 31, 2009 was $25,118 compared to net cash used of $162,625 during 2008. The cash utilized by operating activities for the period consists primarily of the operating expenses and changes in non-cash working capital.

Net cash used in investing activities for the period ended October 31, 2009 was $73,520 compared to cash used of $266,238 during 2008. The cash utilized by investing activities consists of mineral property acquisition and exploration costs.

Net cash provided by financing activities for the period ended October 31, 2009 was $672,900 compared to cash used of $NIL during 2008. The cash provided was from the issuance of shares for cash.

Capital resources

The Company believes it has sufficient funds to meet its property maintenance payments for 2009 and cover anticipated administrative expenses throughout the year. It will continue to focus exploration and development efforts on mineral properties in New Zealand.

During the quarter ended October 31, 2009, the Company completed a non-brokered private placement for $720,000 by issuing 6,000,000 common shares at a price of $0.12 per share. The Company paid $47,100 in cash for finders' fees.

Capital management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (ie. share capital, contributed surplus and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's policy remains unchanged from the prior year.

Related party transactions

During the period ended October 31, 2009, the Company entered into the following transactions with related parties:

a) Paid or accrued professional fees of $17,500 (2008 - $30,000) to a partnership in which a director has an interest. As at October 31, 2009 an amount of $29,500 (2008 - $46,000) owing was included in accounts payable.

b) Paid management fees of $24,000 (2008 - $24,000) to a corporation in which a director has an interest.

c) Paid consulting fees of $16,900 (2008 - $16,428) to a director of a subsidiary.

d) Paid administration fees of $3,000 recorded as office fees (2008 - $3,000) to a director of the Company.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

Financial instruments and risk

The Company's financial instruments consist of cash and cash equivalents, receivables, subscriptions receivable, long-term investments and accounts payable and accrued liabilities and loan payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

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 loss associated with counterparty's inability to fulfill its payment obligations. At October 31, 2009, the Company had $582,872 in Plan Notes. The Company is exposed to credit risk to the extent that the recoverability of the Plan Notes is unknown.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2009, the Company had current assets of $651,220 (July 31, 2009 - $180,587) to settle current liabilities of $810,744 (July 31, 2009 - $806,116). All of the Company's financial liabilities are classified as current and could mature within the next fiscal period.

Market risk

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

(a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at, and loan payable with, the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's loan payable obligations are not considered significant.

(b) Foreign currency risk

The Company has monetary assets and liabilities denominated in foreign currencies and non-monetary assets represented by mineral exploration interests in the Republic of South Africa and New Zealand. The Company could accordingly be at risk for foreign currency fluctuations and developing legal and political environments.

As at October 31, 2009, the Company had the following financial instruments in ZAR$:

	CAD $ equivalent	ZAR $
Cash	$ 79,638	$ 575,005
Accounts receivable		
Accounts payable and accrued liabilities	$ 14,382	$ 103,840

As at October 31, 2009, ZAR$ amounts were converted at a rate of ZAR$1 to $0.13850 Canadian dollars.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Investments

	October 31, 2009	July 31, 2009
Plan Notes	$ 582,872	$ 583,277

During the year ended July 31, 2007 the Company acquired 7,210,000 shares representing approximately a 17.575% interest in Pamodzi Gold Limited, a public company quoted on the Johannesburg Stock Exchange. At August 1, 2007 the Company recognized a $717,864 decrease to retained earnings to reflect the opening fair value. During the year ended July 31, 2009, Pamodzi Gold Limited was taken off of the Johannesburg Stock Exchange and put into receivership. During the year ended July 31, 2009 the Company determined that the shares have nil fair value and wrote off the investment, resulting in a loss on investment of $3,839,412.

At July 31, 2009, long-term investments included Master Asset Vehicle II notes received in exchange for Canadian third-party asset backed commercial paper ("ABCP") that was held by the Company. These investments were designated as held-for-trading and are accounted for at their fair value.

The market for asset-backed commercial paper not sponsored by banks froze up in early August 2007 after issuers were unable to roll over maturing notes. A Pan-Canadian Investors Committee for Third-Party Structured Asset-Backed Commercial Paper (the "Committee) was tasked with overseeing the restructuring of the ABCP. On January 12, 2009, the Ontario Superior Court approved a complicated and controversial deal to swap essentially non-tradable, mortgage-backed debt for new securities. On January 21, 2009, the Committee announced the successful implementation of the restructuring plan. Upon the restructuring old short-term ABCP notes were exchanged for longer-term notes of various classes with maturities that generally approximate those of the assets previously contained in the underlying conduits. The Committee also announced that interest payment in respect of interest accrued since the original liquidity disruption in August 2007 to August 31, 2008 (net of restructuring costs) would be made in two installments based on the ABCP note type.

As part of the Plan, the Company received new notes ("Plan Notes") of various classes issued by trusts referred to as MAVII, including senior notes Class A-1, subordinated notes Class C, and ineligible tracking notes Class 13. At the time of the restructuring, DBRS assigned a rating "A" to the MAV II Class A-1 notes. The MAV II Class C and Class 13 notes have not been rated by DBRS.

Upon the restructuring, the Company received the plan notes as follows:

Notes	Maturity Date (1)	Interest Rate (2)	Face Value, $	Fair Value Estimate, $
MAV II Class A-1	July 2056	BA - 0.5%	847,870	567,350
MAV II Class C	July 2056	BA + 20%	26,222	2,622
MAV II Class 13 (Ineligible Asset Tracking Notes)			133,050	13,305
Total			1,007,142	583,277

(1) Maturity date reflects legal maturity date. Latest maturity date of underlying assets is December 2016.
(2) BA rate is Canadian dollar Bankers Acceptance interest rate with a maturity of 90 days.

Accounting for the exchange of the ABCP for new notes included removal of the ABCP from the Company's balance sheet and recognition of the new notes at their fair value. The new notes are classified as held-for-trading under the Company's Financial Instruments Policy which requires them to be fair valued at each period end with changes in fair value included in the statement of operations in the period in which they arise. The fair value is determined using a discounted cash flow approach based on the maximum use of inputs observed from the market on reporting dates.

The fair value of the Class A-1 notes was established using a discounted cash flow approach based on the following inputs: the notes will pay interest at a rate 0.5% less than the bankers' acceptance ("BA") rate, prospective buyers of these notes estimated to require premium yields 5% over the BA rate, average maturity of Class A -1 Notes estimated to be 7.5 years. The Class C Notes are subordinated to the Class B Notes with respect to payment of interest and principal, and no amounts will be paid with respect to the Class C Notes until the Class B Notes are repaid in full. The Class C notes are viewed as highly speculative with regard to ultimate payment of principal at maturity in 2016. Accordingly, it is expected that Class C notes will trade at approximately 10% of face par value. The fair value of the sub-prime backed Class 13 Notes was calculated as 10% of par value. In conjunction with the note exchange, the Company received a payment of $58,392 which was its share of the accumulated interest to July 31 2009. The interest received to July 31, 2009 was accounted for as a reduction of the Company's investment. The estimated unpaid interest up to the restructuring date of January 21, 2009 is not material and was not included in the Company's fair value calculation. As a result of the notes exchange, the Company recorded the fair value of its new investments as $583,277 and provision for impairment of $218,531 ($146,942 impairment charge recognized in the fiscal 2007). During the period ended October 31, 2009, the Company received a repayment on investment of $405 reducing the fair value of the Plan Notes to $582,872.

There is significant amount of uncertainty in estimating the amount and timing of cash flows associated with these notes. Until an active market develops for the MAV II notes, the fair value will be determined using a discounted cash flow approach based on the maximum use of inputs observed from market conditions on subsequent reporting dates. Therefore, the fair values may change materially in subsequent periods.

Recent accounting pronouncements

Business Combinations

In January 2009, the AcSB released Section 1582, which replaces Section 1581 "Business Combinations". It provides the Canadian equivalent to IFRS 3 "Business Combinations". For the Company, this section applies prospectively to business combinations for which the acquisition is subsequent to August 1, 2011. Earlier application is permitted. Section 1582 must be applied together with Section 1601 and Section 1602 if it is implemented before August 1, 2011.

Consolidated financial statements and Non-Controlling Interests

In January 2009, the AcSB also released Section 1601 "Consolidated financial statements" and Section 1602 "Non-controlling interest", which replace Section 1600 "Consolidated Financial statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the consolidated financial statements of the parent, subsequent to a business combination. Section 1602 is equivalent to the corresponding provisions of IAS 27, "Consolidated and Separate Financial Statements".

For the Company, these sections apply to interim and annual consolidated financial statements relating to the fiscal year beginning on or after August 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. These sections must be applied together with Section 1582 "Business Combinations" if they are implemented for a fiscal year beginning before August 1, 2011.

International financial reporting standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with 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 August 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011. 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.

Outstanding share data

As at December 18, 2009, the Corporation has 41,707,995 common shares issued and outstanding and has the following options and warrants outstanding:

	Number of Shares	Exercise Price	Expiry Date
Options	1,455,000	$ 0.25	May 10, 2011
	1,500,000*	0.12	July 26, 2011
	100,000	0.34	July 26, 2011
	2,800,000	0.27	August 24, 2012
	250,000	0.08	May 7, 2014
	100,000	0.05	May 28, 2014
	900,000	0.12	September 24, 2014

***** During the quarter ended October 31, 2009, the Company amended the exercise price of 1,500,000 stock options from $0.34 to $0.12. The amendment is subject to approval from the Toronto Stock Exchange – Venture ("TSX-V").

Commitment

The Company has committed to rent office space for $870 per month until February 28, 2010.

Forward-Looking Statements

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the British Columbia Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in gold and copper exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations, risks associated with the estimation of resources and reserves and the geology, the possibility that future exploration, development or exploration results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour; the inherent uncertainty of future production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors in the Company's Management Proxy Circular that can be found on the SEDAR website. Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of gold and copper; that the Company can access financing, appropriate equipment and sufficient labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Outlook

The Company will continue to explore its existing properties in New Zealand and South Africa. The Company will also continue to search for opportunities to acquire additional properties.