



(FORMERLY MANTRA MINING INC.)

## **Management Discussion and Analysis**

**FOR THE SIX MONTHS ENDED MARCH 31, 2010**

# **TINTINAGOLD RESOURCES INC. (Formerly Mantra Mining Inc.)**

## **Management Discussion and Analysis**

### **For the six months ended March 31, 2010**

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#### **1.1 General**

This Management Discussion and Analysis ("MD&A") of TintinaGold Resources Inc. (Formerly Mantra Mining Inc.) (the "Company") has been prepared by management as of May 4, 2010 and should be read in conjunction with the unaudited consolidated financial statements and related notes thereto of the Company for the six months ended March 31, 2010, which were prepared in accordance with Canadian generally accepted accounting policies ("Canadian GAAP"). All dollar figures are expressed in Canadian dollars unless otherwise stated. These documents and additional information on the Corporation are available on the Company's website at [www.tintinagold.com](http://www.tintinagold.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

#### ***Description of Business***

The Company was incorporated on July 30, 1998 under the laws of British Columbia as Global Sortweb.com Inc. ("Global"). On June 9, 2006, the Company changed its name from Global to Mantra Mining Inc. ("Mantra") Prior to the name change, the Company was involved in developing internet services through its wholly-owned subsidiary. The Company changed its name on September 28, 2009 from Mantra to TintinaGold Resources Inc. ("TintinaGold") by a resolution of the directors to better reflect the Company's focus on the Tintina gold belt in Alaska, United States.

On December 15, 2006, the Company acquired a 100% wholly owned subsidiary company, Mantra Mining (India) Pvt. Ltd., located in Pune, India. On June 30, 2008 and August 14, 2008, the Company incorporated two separate companies in the state of Delaware, Mantra Alaska Mining, Inc. and Mantra Alaska Exploration, Inc. respectively in anticipation of acquiring interest in mineral claims in Alaska. The results of operations of the incorporated subsidiaries have been included in these consolidated financial statements from the acquisition date.

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

# TINTINAGOLD RESOURCES INC. (Formerly Mantra Mining Inc.)

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### For the six months ended March 31, 2010

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#### 1.2 Overall Performance

During the six month period ended March 31, 2010 ("6m-2010"), TintinaGold continued to advance its Colorado Creek and Kugruk projects. The Company incurred \$863,852 of exploration expenditures during 6m-2010.

The Company incurred a loss of \$916,754 or \$0.01 per share during 6m-2010 as compared to a loss of \$872,321 or \$0.01 per share during the six months ended March 31, 2009 ("6m-2009"), representing an increase in loss of \$44,433.

The following is a summary of certain significant variances:

- Stock-based compensation decreased \$463,016 from \$490,384 during 6m-2009 to \$27,368 during 6m-2010 as the Company granted 2,300,000 stock options to employees, officers, directors, and consultants, of which 1,300,000 fully vested on the grant date. As at March 31, 2010, 2,210,474 of the 3,259,535 options outstanding are exercisable.
- Exploration costs decreased \$116,587 during 6m-2010 from \$Nil during 6m-2009 resulting from a reimbursement of excess costs incurred on the Golden Lynx property.
- Consulting fees decreased \$42,431 from \$57,100 during 6m-2009 to \$14,669 during 6m-2010 as the Company increased employee head count.
- Other income increased \$24,000 during 6m-2010 from \$Nil during 6m-2009 as the Company charged rent and provided administration services to AsiaBaseMetals, Inc.
- Employee costs increased \$116,815 during 6m-2010 from \$Nil during 6m-2009 primarily due to staff increases at head office in Vancouver, Canada and the Indian office in Pune, India. During 6m-2009, the Company hired consultants and advisors and had no employees.
- Rent increased \$59,086 from \$18,000 during 6m-2009 to \$77,086 during 6m-2010 as the Company moved to a larger office.
- Office, administration, and miscellaneous expenses increased \$48,884 from \$59,796 during 6m-2009 to \$108,680 during 6m-2010 primarily due to the increased number of personnel employed by the Company.
- Management fees increased \$50,000 from \$90,000 during 6m-2009 to \$140,000 during 6m-2010 to compensate for additional management time required to manage the affairs of the Company.
- Advertising and promotion costs increased \$47,087 from \$10,027 during 6m-2009 to \$57,114 during 6m-2010 primarily due to: (i) graphic design fees relating to corporate booth displays, brochures, corporate logo; (ii) design and implementation fees regarding new corporate website and email system; and (iii) additional conference attendance to promote the Company.
- Insurance costs increased \$45,710 during 6m-2010 from \$Nil during 6m-2009 as the Company obtained insurance regarding: (i) directors and officers liability, (ii) commercial and general liability, and (iii) non-owned aviation liability.
- Regulatory and transfer agent fees increased \$25,744 from \$44,384 during 6m-2009 to \$70,128 during 6m-2010 resulting from fees paid to the TSX Venture Exchange ("TSX-V") regarding the Company listing and AsiaBaseMetals, Inc. spin-out.
- Professional fees increased \$23,009 from \$78,067 during 6m-2009 to \$101,076 during 6m-2010 mainly due to legal fees incurred with respect to corporate and other matters.

The Company's cash at March 31, 2010 totalled \$4,924,266 compared to \$1,740,781 at September 30, 2009.

# TINTINAGOLD RESOURCES INC. (Formerly Mantra Mining Inc.)

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#### 1.2 Overall Performance (continued)

The Company had an accumulated deficit as of March 31, 2010 of \$13,155,930 compared to \$12,239,176 as of September 30, 2009 which has been funded primarily by the issuance of equity. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

#### 1.3 Selected Annual Information

The Company's fiscal year end is September 30. Selected annual information presented as follows:

	Years ended September 30,		
	2009	2008	2007
Total revenues	\$Nil	\$Nil	\$Nil
Loss before income tax	\$(9,356,876)	\$(1,173,811)	\$(628,472)
Loss before discontinued operations	\$(6,731,110)	\$(1,173,811)	\$(571,150)
Loss for the year	\$(6,731,110)	\$(1,173,811)	\$(571,564)
Loss per share	\$(0.12)	\$(0.03)	\$(0.01)
Total assets	\$4,793,428	\$757,389	\$757,612
Total long term liabilities	\$Nil	\$Nil	\$Nil

#### 1.4 Results of Operations

TintinaGold is a growth company focused globally on exploration and development of precious and base metals. The Company currently has multiple properties in Alaska: Colorado Creek, Kugruk, Baird, and Omilak. The Company is primarily focused on advancing the Colorado Creek and Kugruk properties.

##### Agreements with Affiliates of Rio Tinto and NovaGold

The Company has entered into two separate agreements dated August 27, 2008 with affiliates of Rio Tinto PLC ("Rio Tinto") and NovaGold Resources Inc. ("NovaGold") to purchase a 100% interest in mineral claims comprising over 485,000 acres in Alaska. On March 6, 2009, the Company completed and closed the acquisition.

The initial closing of the acquisition was subject to a number of conditions including, but not limited to, the completion of satisfactory due diligence, concurrently with the initial closing, a private placement for gross proceeds of a minimum of \$3 million, the approval of the TSX-V and other necessary regulatory and stock exchange approvals.

The agreement with NovaGold entitling the Company to acquire an interest in five mineral properties in Alaska, U.S.A., as outlined below, was amended on November 27, 2008 to change the closing date from November 30, 2008 to December 31, 2008 and to allow for separate closings for the five mineral properties in Alaska. The five Alaska mineral properties comprised of: Colorado Creek, Kugruk, Tintina, Baird, and Omilak.

Pursuant to the amendment dated November 27, 2008, the Company agreed to acquire NovaGold's five Alaskan properties by issuing 3,125,000 common shares at a fair value of \$1,562,500 on the closing date. The Company closed the transaction to acquire the five mineral properties on March 6, 2009.

The Company wrote off \$344,262 in the Tintina property as management rescinded the land claim.

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#### **1.4 Results of Operations (continued)**

##### **Colorado Creek**

The Colorado Creek property (comprised of 26,880 acres in 273 Alaska state mining claims) covers the Cripple Creek Mountains and surrounding lowlands, about 70 kilometres ("km") north of McGrath, Alaska, on the Kuskokwim River, and 86 km south of Poorman, Alaska, which has road access to Ruby on the Yukon River. TintinaGold has a lease with Rosander Mining Company, Inc. for 125 40-acre claims, two 20-acre claims, one 15-acre claim, one 27-acre, and one 160-acre claim on the Colorado Creek property. The lease includes a yearly work provision of \$200,000. The remaining 143 160-acre claims are 100% owned by TintinaGold through its wholly-owned subsidiary Mantra Alaska Mining, Inc ("MAMI").

The Colorado Creek project focuses on an intrusive-related gold system which fed gold placers with past production in excess of 250,000 ounces of gold. These placers source from the margin of the Cripple Creek diorite pluton, a 23 square-km intrusive which forms the main body of the Cripple Creek Mountains. A gold-in-soil anomaly greater than 8 km long and up to 4 km wide encompasses the source area for much of the placer gold. The gold-in-soil anomaly lies on the west side of the dioritic Cripple Creek pluton which coincides with a magnetic high. A magnetic low approximately 1 km wide surrounds the pluton and much of the gold-in-soil anomaly lies within this feature. At Porphyry Knob a  $\geq 100$  ppb gold-in-soil anomaly, which is about 500 metres by 800 metres in extent and open on its west end, overlies a 100 metre ("m") thick southeast dipping rhyodacite sill that intrudes andesite and siltstone. Gold ("Au") mineralization occurs with sericite, carbonate, and clay alteration and with veins of quartz and calcite with arsenopyrite and pyrite throughout the sill, as well as in the surrounding andesite. Historic metallurgical tests with cyanide leach bottle roll tests show greater than 93% Au recovery from pulps, so much of the material may be amenable to leaching.

Placer Dome drilled eleven holes on the property in 1997, some of which intersected portions of the rhyodacite sill with one intercept of 29.1 m grading 1.5 g Au/tonne (DDH 3). TintinaGold drilled an additional 12 holes in 2009. In an area about 400 m by 250 m in extent this latest drilling encountered 98.4 m grading 0.57 g Au/tonne (DDH 12); 24.0 m grading 1.15 g Au/tonne and 2.3m grading 7.28 g Au/tonne within 111.0 m grading 0.64 g Au/tonne (DDH 14); and 44.8 m grading 1.01 g Au/tonne within 128.3 m grading 0.6 g Au/tonne (DDH 15). Drilling to the east across a northwest trending fault encountered only sporadic mineralization. Mineralization at Porphyry Knob is open to the south, southwest, and west.

Colorado Creek shows similar intrusive compositions and ages, host rocks, and geochemistry to Donlin Creek, but mineralization appears higher temperature and lies close to a large intrusive center, the Cripple Creek pluton. The two properties show a similar scale of altered and mineralized area.

During 6m-2010, the Company incurred \$377,167 on the Colorado Creek property. The Company renewed its land claims with the State of Alaska; and analyzed various geological, geochemical, geophysical, and other datasets for optimal drill targeting. The Company intends to perform detailed DIGHEM airborne geophysical survey of the 8 km gold-in-soil anomaly around the western portion of the Cripple Creek pluton. The objective of the airborne survey will be to identify structural trends and intersections which may host greater concentrations of gold.

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#### **1.4 Results of Operations (continued)**

##### **Kugruk**

The Kugruk property (comprised of 177,280 acres in 1,107 Alaska state mining claims) is located 115 km south of Kotzebue in the low tundra of the northern Seward Peninsula and 20 km from northern margin of the Seward Peninsula at Kotzebue Sound. TintinaGold leases four 160-acre claims from Mr. Joe Wilson and owns the remaining claims through MAMI.

The property consists of a 15 km belt of strong magnetic anomalies along the eastern margin of the Kugruk pluton, a large granodiorite body intruding Paleozoic schists and marbles. A thick layer of loess (windblown silt) covers most of this magnetic belt; however, locally the higher terrain shows anomalously high copper in soils. A few historic drill holes from the Kugruk magnetic belt show strong concentrations of magnetite with associated chalcopyrite and pyrite. Further east, a halo of silver-lead-zinc prospects and further outboard gold prospects ring the intrusive system beyond its magnetic border, showing this to be a very large area of intrusive-related mineralization which has received very little exploration. The property shows potential for a very large copper or copper-gold deposit and a significant iron resource in a reasonably accessible area.

During 6m-2010, the Company incurred \$398,913 on the Kugruk property. The Company renewed its land claims with the State of Alaska; and evaluated the data collected from geological, geochemical, and geophysical work. The Company plans to begin the exploration program in May 2010 with drilling to commence at Kugruk on June 1, 2010. The planned 4,000-metre drilling program will initially test for economic grades of copper mineralization along the magnetic belt. Three specific targets have coincident high magnetic/low resistivity responses along with copper in soils and strong IP (Induced Polarization) chargeability anomalies. Additional baseline geophysical and geochemical programs are planned to identify other target areas beneath the thick loess cover.

##### **Baird**

The Baird property (comprised of 80,560 acres in 508 Alaska state mining claims) is located in arctic Alaska in the Baird Mountains (western Brooks Range) 40 km north of Kiana, a village on the Kobuk River. All claims are owned by TintinaGold through its wholly-owned subsidiary Mantra Alaska Exploration, Inc. ("MAEI") except for the 60 OMAR claims where the Company has a 60% earn-in agreement and yearly minimum work obligation of \$250,000 (for a total of \$2,500,000 from May 31, 2007 to May 31, 2011) with Teck Corporation.

The property covers an area of Paleozoic age limestone and dolomite. Initial exploration drilling on the Omar prospect area in the 1960's encountered copper ("Cu") concentrations of 9.59% Cu over 6.1 meters in one hole and 3.16% Cu over 36.6 meters in another. Work conducted in 2007 outlined at least four prospect areas, each more than 4 km long, with extensive concentrations of copper and zinc in soil and rocks. In 2009, the Company carried out a small program to evaluate some of the results of the 2007 work.

During 6m-2010, the Company incurred \$65,858 on exploration costs primarily regarding the renewal of land claims with the State of Alaska. The Company intends to conduct further mapping, and soil and rock sampling during fiscal 2010.

# TINTINAGOLD RESOURCES INC. (Formerly Mantra Mining Inc.)

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#### 1.4 Results of Operations (continued)

##### Omilak

The Omilak property (comprised of 19,680 acres in 116 Alaska state mining claims) is located in the Darby Mountains, 50 km east of Council, Alaska, and 160 kms east of Nome in the headwaters of the Fish River. TintinaGold owns 100% of the claims through MAEI.

The property covers an area of Paleozoic or upper Proterozoic marble and schist, and surrounds the Omilak mine, a small high grade silver producer during the late 19<sup>th</sup> century. Recorded shipments from the mine in 1889 contained 147 ounces silver per ton. In 2009, the Company carried out reconnaissance sampling and mapping near Omilak and five kilometres west of the mine at East Omilak. The results at East Omilak, coupled with the results of past work, show three mineralized zones oriented parallel to stratigraphic strike (northwest), extending for over 4 kms, and open both to the northwest and southeast. Two of the zones have limited geophysical coverage (Crone EM and vertical loop EM) and are conductive, and all three zones show strong concentrations of silver, zinc, and lead in rocks and soils where covered by geochemical sampling.

During 6m-2010, the Company incurred \$20,761 on exploration costs primarily regarding the renewal of land claims with the State of Alaska. The Company's exploration program includes plans to fly a DIGHEM airborne geophysical survey over the entire property area.

##### General and administration

General and administration costs during the six months ended March 31, 2010 were \$940,754 compared to \$872,321 during the six months ended March 31, 2009 representing an increase of \$68,433 between 6m-2009 and 6m-2010. See section 1.2 for discussion of significant variances.

#### 1.5 Summary of Quarterly Results

The following is a summary of certain financial information concerning the Company for each of the last eight reported quarters:

Quarter Ended	Total Revenues	Net Income (Loss)	Net Income (Loss) Per share
June 30, 2008	Nil	(184,785)	(0.00)
September 30, 2008	Nil	(740,364)	(0.02)
December 31, 2008	Nil	(161,016)	(0.01)
March 31, 2009	Nil	(711,305)	(0.01)
June 30, 2009	Nil	(651,917)	(0.01)
September 30, 2009	Nil	(5,206,872)	(0.08)
December 31, 2009	Nil	(344,159)	(0.01)
March 31, 2010	24,000	(572,595)	(0.01)

# **TINTINAGOLD RESOURCES INC. (Formerly Mantra Mining Inc.)**

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#### **1.6/1.7 Liquidity and Capital Resources**

As at March 31, 2010, the Company reported working capital of \$4,992,734. Net increase in cash for the six months ended March 31, 2010 was \$3,183,485 leaving cash on hand in the amount of \$4,924,266.

Current assets excluding cash at March 31, 2010 consist of amounts receivable of \$47,641, and prepaid expenses and other assets of \$82,076.

Current liabilities as at March 31, 2010 consist of accounts payable and accrued liabilities of \$61,249.

The Company's continuing operations, as intended, are dependent upon its ability to obtain debt or the necessary financing to meet its liabilities and commitments as they become payable.

TintinaGold is able to maintain its mineral properties commitments on exploration and development (i.e., land claims and labour requirements) in fiscal year 2010 ("FY10") without the need of additional capital funding. The Company's planned activities in FY10 anticipate significant exploration and development expenditures exceeding its current cash reserves and will require additional capital to fund these activities. The funds required for the planned activities in FY10 are expected to be raised through additional equity financings. Recent volatility in the financial markets could make it difficult for the Company to raise funds and such funding may not be available on commercially acceptable terms or at all. The Company's failure to raise the additional funds could result in the delay or indefinite postponement of further exploration and development of its properties or the loss or substantial dilution on its property interest.

During the six month period ended March 31, 2010, the Company generated net cash of \$5,015,000 from its financing activities:

- i) On February 3, 2010, the Company closed its non-brokered private placements. The Company sold 12,500,000 units (the "Units") to one subscriber, Electrum Strategic Metals LLC ("Electrum") at a price of \$0.40 per Unit for gross proceeds of \$5,000,000. Each Unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder on exercise, to purchase one additional common share of the Company at a price of \$0.65 per share for a period of four years from the date of issuance of the warrant.
- ii) 30,000 warrants were exercised at \$0.50 per share for gross proceeds of \$15,000.

#### **1.8 Off-Balance Sheet Arrangements**

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

#### **1.9 Transactions with Related Parties**

During the six month period ended March 31, 2010, the Company had the following related party transactions which were measured at the exchange amount, which is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities:

- a) Management fees were paid to a company owned by the President of the Company of \$140,000 (2009: \$90,000)
- b) Accounting fees were paid to a company owned by the President of the Company of \$3,000 (2009: \$3,000)

# **TINTINAGOLD RESOURCES INC. (Formerly Mantra Mining Inc.)**

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#### **1.9 Transactions with Related Parties (continued)**

As at March 31, 2010, accounts payable includes \$158 (September 30, 2009: \$2,433) payable to Directors/Shareholders of the Company or companies under their control. These amounts are non-interest bearing, unsecured and are due upon demand.

#### **1.10 Second Quarter**

During the second quarter ended, March 31, 2010, the following significant transaction occurred:

On February 3, 2010, the Company closed its non-brokered private placement as previously announced on January 28, 2010. The Company sold 12,500,000 units (the "Units") to one subscriber, Electrum Strategic metals LLC ("Electrum") at a price of \$0.40 per Unit, for gross proceeds of CAD \$5,000,000. Each Unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder on exercise, to purchase one additional common share of the Company at a price of \$0.65 per share for a period of four years from the date of issuance of the warrant.

#### **1.11 Subsequent Events and Proposed Transactions**

Subsequent to March 31, 2010:

- a) On April 8, 2010, the Company granted to directors, officers, employees and consultants of the Company an aggregate of 2,170,000 stock options under the Company's Stock Option Plan, exercisable for a period of five years at a price of \$0.50 per share. The stock options will vest as follows: one-third (1/3) of the total grant upon approval; one-third (1/3) on April 8, 2011; and one-third (1/3) on April 8, 2012.
- b) On April 19, 2010, 100,000 warrants were exercised at \$0.49 per share.
- c) On May 3, 2010, the Company granted 200,000 stock options under the Company's Stock Option Plan to a director, subject to regulatory approval. The option grant, which vests over a period of two years, will be exercisable for a period of five years, at a price of \$0.61 per share.
- d) On May 4, 2010, the Company, through its wholly-owned subsidiary, Mantra Alaska Exploration, Inc., entered into mining lease agreements and a surface use agreement (collectively, the "Sheep Creek Agreements") with the owners of the Sheep Creek copper-cobalt property in central Montana, USA.

The Sheep Creek Agreements provide the Company, through its subsidiary, with exclusive use and occupancy of any part of the property that is necessary for exploration and mining activities for an initial term of 30 years, which can be extended by TintinaGold for additional periods of 10 years in certain circumstances. The Sheep Creek Agreements provide for surface lease payments and, prior to commercial production, advance minimum royalty payments to be paid to the lessors, in cash, and a net smelter returns royalty of 5% after commencement of commercial production, if any. The Company has the right to buydown this royalty to 2% at any time after completion of a feasibility study by making payments to the lessors totaling \$10,000,000.

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#### **1.11 Subsequent Events and Proposed Transactions (continued)**

The Sheep Creek property consists of approximately 4,714 acres of fee-simple lands in central Montana. The property contains sediment-hosted zones of massive sulfide mineralization originally explored by Cominco American Inc. and BHP during the 1980's and early 1990's. The drilling undertaken by Cominco American Inc. and BHP had encountered significant zones of stratabound copper sulfide with cobalt in multiple bedded pyrite zones in the lower part of the Precambrian Belt/Purcell Supergroup; this same stratigraphic unit hosts the Sullivan zinc-lead-silver deposit. The Company is planning a \$500,000 drilling program at the Sheep Creek Project in the fall of 2010.

#### **1.12 Critical Accounting Estimates**

Not applicable to the Company.

#### **1.13 Change in Accounting Policies Including Initial Adoption**

##### **a) Adopted accounting pronouncements**

General standards of financial statement presentation – CICA Section 1400

Effective October 1, 2008, the Company adopted CICA Handbook Section 1400, "General Standards of Financial Statement Presentation." The CICA accounting standards board amended Section 1400 to include requirements of management to assess and disclose an entity's ability to continue as a going concern. The adoption of this standard had no impact on the Company's financial statements.

##### **b) Recent accounting pronouncements**

###### **i) Business combinations**

In January 2009, the CICA issued Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combination and related disclosures. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier adoption permitted. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

###### **ii) Consolidated financial statements**

In January 2009, the CICA issued Section 1601, Consolidated Financial Statements, and 1602, Non-controlling interests, which replaces existing guidance. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period on or after January 2011 with earlier adoption permitted. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

###### **iii) International financial reporting standards**

In February 2008, the CICA Accounting Standards Board confirmed that public companies will be required to prepare interim and annual financial statements under International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of adopting IFRS and has not yet determined its effect on its financial statements.

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#### **1.14 *Financial Instruments and Other Instruments***

##### Fair Value of Financial Instruments

The Company's financial instruments include cash, amounts receivable, and accounts payable. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

##### Transaction Costs

Transaction costs attributable to the acquisition or issue of financial assets or financial liabilities, other than those classified as held-for-trading, are added to the initial fair value amount to match the costs with the related transactions.

##### Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash balance. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

##### Credit Risk

The Company maintains substantially all of its cash with major financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

##### Currency Risk

The Company incurs costs and expenses in foreign currencies other than the Canadian dollar. The exchange rates covering such currencies, including the US dollars and Indian rupees, are subject to fluctuation which gives rise to foreign currency exposure, either favourable or unfavourable. The Company does not hedge the US dollars or Indian rupees against its functional currencies.

##### Sensitivity analysis

The Company has completed a sensitivity analysis to estimate the impact on net income for the period which a change in foreign exchange rate during the year ended March 31, 2010 would have had.

##### i) US dollar

The result of the sensitivity analysis shows that if the Canadian dollar had weakened/strengthened 10 percent against the US dollar with all other variables held constant after-tax net loss and comprehensive loss for the year would have been \$462,591 lower/higher.

##### ii) Indian rupee

The result of the sensitivity analysis shows that if the Canadian dollar had weakened/strengthened 10 percent against the Indian rupee with all other variables held constant, after-tax net loss and comprehensive loss for the year would have been \$1,188 lower/higher.

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#### **1.15 Other Requirements**

##### a) Disclosure Controls

Management has designed disclosure controls and procedures, or has caused them to be designed under its supervision to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiary, is made known to management, particularly during the period in which the annual filings are being prepared. Management has also designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for six months ended March 31, 2010, in accordance with Canadian generally accepted accounting principles. There has been no change in the Company's disclosure controls and procedures or in the Company's internal control over financial reporting that occurred during the most recently completed period that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures or internal control over financial reporting.

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures in place as at March 31, 2010. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer of the Company concluded that the design and operations of these controls and procedures were effective.

##### a) Summary of Outstanding Share Data at March 31, 2010:

- a. Authorized: Unlimited common shares without par value  
Issued and outstanding: 81,192,558 common shares
- b. Stock options  
Options outstanding as of March 31, 2010: 3,259,535
- c. Warrants  
Warrants outstanding as of March 31, 2010: 27,048,339

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

The shareholders will be kept informed of any material changes.