MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NOVEMBER 30, 2009

The following is Management's Discussion and Analysis ("MDA") of the financial condition and results of operations to enable a reader to assess material changes in financial condition and results of operations for the three and six months ended November 30, 2009. This MDA has been prepared as at January 29, 2010, unless otherwise indicated. This MDA is intended to supplement and complement the financial statements and notes thereto for the period ended November 30, 2009. All amounts are expressed in Canadian dollars unless otherwise indicated.

Overview

Diadem Resources Ltd. is focused on acquiring near-production mining opportunities in North America, especially those related to diamonds and gold. Currently, its principal activity is diamond exploration in the Franklin Bay area within the Inuvialuit Settlement Region of the Northwest Territories. On that project Diadem now has identified 28 specific exploration targets on the Parry Peninsula, which currently constitutes most of the Franklin Bay project area. A ground magnetic survey has been completed and diamond drilling is planned to evaluate these and other targets.

Selected Quarterly Information

	Revenues $	Expenses/ (recoveries) $	Net income/ (loss) $	Basic and fully diluted net income/ (loss) per share $
2008-Q2 - November 30, 2007	1,882	133,612	(131,730)	(0.01)
2008-Q3 - February 29, 2008	112	84,158	(832,472)	(0.04)
2008-Q4 - May 31, 2008	228	284,647	(295,847)	(0.02)
2009-Q1 – August 31, 2008	16	52,720	(52,704)	(0.00)
2008-Q2 - November 30, 2008	-	181,493	(181,493)	(0.01)
2009-Q3 - February 28, 2009	-	(96,270)	96,270	0.01
2009-Q4 – May31, 2009	-	218,632	(218,632)	(0.01)
2010-Q1 – August 31, 2009	-	27,102	(27,102)	(0.00)
2010-Q2 - November 30, 2009	-	35,203	(35,203)	(0.00)

Results of Operations

General corporate costs were $28,297 during the second quarter of fiscal 2010 compared to $108,775 during the second quarter of fiscal 2009. Compensation is no longer being accrued for management. During fiscal 2009, the former Chairman renounced his accrued compensation. The former Chairman had not been paid since August 2007 and other management, for whom fees continued to accrue through February 2009, have not been paid since October 2007. There were no new grants of stock options during the current period. All previous grants of stock options have been amortized to the statement of operations in prior periods. The former Chairman has refuted the renunciation of his accrued compensation and resigned during March 2009.

Shareholder relations costs aggregated $2,481 (2008-$2,683) during the quarter. Costs will vary according to activity during any given period.

Interest costs totalled $5,665 during the second quarter of fiscal 2010 compared to a negative $27,637 incurred during the second quarter of fiscal 2009 when adjustments were made to the PartXII.6 tax accruals pursuant to assessments issued by the Canada Revenue Agency. Interest continues to accrue on the Part XII.6 tax payable.

The Company accrued interest in respect of the demand notes to three directors and three third party individuals at a simple interest rate of 10% per annum and in respect of the loan from Darnley Bay Resources Limited at its bank's prime rate plus 1%.

For the second quarter of fiscal 2010, Company recorded a net loss of $35,203 or $0.00 per share compared to a net loss of $181,493 or $0.01 per share during the second quarter of fiscal 2009.

Comparative Quarterly Results

Fluctuation of the Company's results of operations is affected by regulatory and associated costs such as audit and other professional fees. These costs are recorded in the period incurred. Accruals for compensation terminated during the fourth quarter of fiscal 2009.

The Company has been unable to obtain financing for its operations, including exploration at its Franklin Project. Should the Company continue to be under-financed, it may discontinue incurring certain administrative expenditures and only record expenses invoiced.

Capital Resources and Liquidity

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and on the assumption that Diadem will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business as a going concern.

There is uncertainty about the Company's ability to realize the carrying value of its assets and discharge its liabilities as they come due. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing and reach positive cash flows from operations.

There is no assurance the Company can continue to finance its operations through the capital markets. Further, the Company needs to fund its administrative activities which constitute non-flow-through expenditures and is actively seeking funding of these expenditures.

The Company has reported significant losses for several years and has no mining operations and is, therefore, considered a development stage company. Operating cash flow consumed by operations was $15,922 for the quarter ended November 30, 2009. The Company relies on suppliers, officers and directors to perform work on the promise of future payment. Accounts payable and accruals includes fees and expenses payable to one officer and two former officers of the Company in the aggregate amount of $258,129.

At November 30, 2009, the Company had a working capital deficiency of $1,834,323 and cash resources of $1,508 to meet its obligations.

Contingent tax liability

As at December 31, 2007, Diadem was unable to satisfy approximately $2,095,000 in flow-through funding pursuant to private placements for which flow-through proceeds had been received during 2006 and renounced to the subscribers with an effective date of December 31, 2006. In order to address the impact on subscribers to the Company's 2006 flow-through financings, the Company proposes to seek to enter into agreements with the affected subscribers to satisfy the indemnity provisions of the original subscription agreements.

Since the Company did not meet flow-through share expenditure requirements agreed to through various subscription agreements entered into during 2006, the Company has amended the renunciations provided to subscribers of these shares. The Company has accrued all penalties and interest charges, totalling $504,871, related to this matter that could be reasonably estimated; however, the subscription agreements provided certain indemnities for certain amounts that will become payable by the subscribers upon reassessment of their personal tax returns with the amended and reduced renunciations. The contingent liability that may be created by this indemnity will depend on various items, including each individual subscriber's personal tax situation, and cannot therefore be reasonably estimated.

Status of Joint Venture with Darnley Bay Resources Limited

On November 29, 2007, the Company and Darnley Bay Resources Limited ("DBR") entered into an amending agreement providing for an extension to June 30, 2008 of the period during which Diadem may earn-in to a 50% interest in the Franklin Project. To satisfy Diadem's 50% earn-in requirement it was required to incur expenditures aggregating $1.0 million during the period from September 1, 2007 through June 30, 2008. Diadem has provided documentation to DBR to prove that this expenditure requirement was satisfied by June 30, 2008.

Now that Diadem has satisfied its earn-in requirements, DBR will be required to carry its 50% pro rata share of on-going exploration and development costs or suffer dilution of its interest. Under the amended agreement, Diadem will advance $1.0 million to subsequent Franklin Project programs on behalf of DBR and DBR will not have to contribute the first $1.0 million of its 50% share of costs. If Diadem advances the $1.0 million, DBR will repay such advance, without interest, out of its share of production from a diamond mine on the Franklin Project.

If a decision is made to carry out a feasibility study for a diamond mine, Diadem has the right to fund the study and, if the property is advanced to commercial production, Diadem's 50% interest will increase to 75% and DBR's interest will decrease to 25%.

Without further funding, Diadem will be unable to fund the next stage of exploration on the Franklin Property. The Company continues to apprise Darnley Bay Resources of its efforts and to fulfill a minimum exploration program acceptable to both parties. In addition, Darnley Bay has demanded payment of its $100,000 loan plus accrued interest.

Subsequent to November 30, 2009, the Company was informed by DBR that IRC has advised DBR that the IRC will consider renewal of their agreement subject to payment of all outstanding fees.

Funding

The effect of credit market turmoil globally has affected the ability of junior mining companies, in Canada, to finance their continuing operations. In particular, Diadem needs to raise "hard" non-flow-through funds to pay its recorded and contingent liabilities. There is no assurance that the Company will be able to raise sufficient capital to satisfy its obligations. Without a financing the ability of the Company to continue as a going concern is in doubt.

The Company has received $95,627 in returned deposits from the Northwest Territories. The government was satisfied with previous exploration work conducted and released the security deposits to the Company. The Company since has paid $21,693 in exploration deposits to the Department of Indian and Northern Affairs. These deposits are recoverable upon the Company expending an equivalent amount on qualified exploration work in respect of the Company's Franklin Diamond Project

To November 30, 2009, three current directors and one former director, who resigned during August 2009, had loaned $65,000 to the Company. In addition, third parties loaned a further $11,002 to the Company. The demand notes are unsecured, bear simple interest at 10% and are due on demand.

Management and Compensation

During March 2009, Mr. Paul A. Carroll resigned his positions as President, CEO and director. Mr. Aimé Bertrand assumed those positions and duties and moved the Company's head office from Toronto, Ontario to Montréal, Québec. As a consequence of these changes a new Corporate Secretary was appointed and the accounting function was moved to Montréal.

The Company has no formal compensation plan. None of Diadem's three officers receive cash compensation for services rendered. Effective January 13, 2010 one officer and director was granted an option to purchase 790,000 shares of the Company and two officers received options to purchase an aggregate of 100,000 shares. Two directors who perform technical services for the Company received options to purchase an aggregate of 800,000 shares and three directors received options to purchase 300,000 shares. The options were granted under the Company's rolling stock option plan, vested immediately and are exercisable for a period not to exceed 5 years from the date of grant.

Share Capital

At January 29, 2010, there were 19,944,647 shares issued and outstanding. There are 500,000 compensation options exercisable at a price of $0.25 per share. As at January 29, 2009, none of the warrants is "in-the-money". Effective January 13, 2010, Diadem granted employee stock options to officers and directors of the Company to purchase up to 1,990,000 common shares of the Company at an exercise price of $0.10 per share.
The Company considers in its management of capital all components included in shareholders' equity plus accounts payable. Its objectives are to ensure that the Company will continue to operate as a going concern in order to pursue development of its Franklin Property as well as to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in 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 shares, seek debt financing, or acquire or dispose of assets. The Company, on approval from the Board of Directors, will make changes to its capital structure as deemed appropriate under specific circumstances.

Exploration Programs

	Balance May 31, 2009 $	Additions $	Recovery of deposits $	Balance November 30, 2009 $
Acquisition costs				
Franklin Project, Northwest Territories	1,142,696	-	-	1,142,696
Deferred exploration costs				
Franklin Project, Northwest Territories	2,784,478	6,898	(95,627)	2,695,749
	3,927,174	6,898	(95,627)	3,838,445

Franklin Project
Now that Diadem has satisfied its earn-in requirements , DBR will be required to carry its 50% pro rata share of on-going exploration and development costs or suffer dilution of its interest. Under the amended agreement, Diadem will advance $1.0 million to subsequent Franklin Project programs on behalf of DBR and DBR will not have to contribute the first $1.0 million of its 50% share of costs. If Diadem advances the $1.0 million, DBR will repay such advance, without interest, out of its share of production from a diamond mine on the Franklin Project.

If a decision is made to carry out a feasibility study for a diamond mine, Diadem has the right to fund the study and, if the property is advanced to commercial production, Diadem's 50% interest will increase to 75% and DBR's interest will decrease to 25%.

Diadem is formulating a diamond drill program to test a number of ground magnetic anomalies believed to be reflecting underlying, diamond-bearing, kimberlite pipes. This drill program is expected to commence in the fall of 2009, assuming all required permits are received and adequate financing is obtained.

The Company has paid $21,693 in exploration deposits to the Department of Indian and Northern Affairs. These deposits are recoverable upon the Company expending an equivalent amount on qualified exploration work in respect of the Company's Franklin Diamond Project. Costs incurred are principally nominal holding costs such as annual fees and property maintenance.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in Canada requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts revenue and expenditures during the reporting period.

Future Accounting Changes

(i) 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's strategic plan outlines the convergence of Canadian GAAP with IFRS over a 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. Accordingly, the Company will be required to adopt IFRS on June 1, 2011. The transition will require the restatement, for comparative purposes, of amounts reported by the Company for the year ended May 31, 2010. While the Company has begun to assess the adoption of IFRS for fiscal 2012, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(ii) Goodwill and Intangible Assets

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3064, Goodwill and Intangible assets, replacing Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. The new section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company adopted the new standards for its fiscal year beginning June 1, 2009. Section 3064 establishes standards for recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. There is no impact of this new accounting standard on the Company's financial statements.

(iii) Business Combinations

In January 2009, the CICA issued the new handbook Section 1582, Business Combinations, effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of Section 1582 is permitted. This pronouncement further aligns Canadian GAAP with IFRS and changes the accounting for business combinations in a number of areas. It establishes principles and requirements governing how an acquiring company recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, any non-controlling interest in the acquire and goodwill acquired. The section also establishes disclosure requirements that will enable users of the acquiring company's financial statements to evaluate the nature and financial effects of its business combinations. Although the Company is considering the impact of adopting this pronouncement on its consolidated financial statements, it will be limited to any future acquisitions beginning in fiscal 2012.

(iv) Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA issued the new handbook Section, 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests, effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of these recommendations is permitted. These pronouncements further align Canadian GAAP with IFRS. Section 1601 and 1602 change the accounting and reporting for ownership interest in the subsidiaries held by parties other than the parent. Non-controlling interests are to be presented in the consolidated statement of financial position within the entity but separate from the parent's equity. The amount of consolidated net income attributable to the parent and to the non-controlling interest is to be clearly identified and presented on the face of the consolidated statement of operations. In addition, these pronouncements establish standards for a change in a parent's ownership interest in a subsidiary and the valuation of retained non-controlling equity investments when a subsidiary is de-consolidated. They also establish reporting requirements for providing sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. The Company is considering the impact of adopting these pronouncements on its consolidated financial statements in fiscal 2012 in connection with the conversion to IFRS.

(v) Credit Risk and the Fair Value of Financial Assets and Financial Assets

In January 2009, the CICA issued the Emerging Issues Committee ("EIC") Abstract EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, effective for interim and annual financial statements ending on or after January 20, 2009. Earlier adoption of this abstract is permitted. EIC-173 provides further information on the determination of fair value of financial assets and financial liabilities under Section 3855, Financial Instruments-Recognition and Measurement. It states that an entity's own credit and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 should be applied retroactively, without restatement of prior periods, to all financial assets and Company will adopt this abstract during the first quarter of the 2010 fiscal year. The standard is not expected to have a material impact on the Company's consolidated financial statements.

Disclosure Controls and Procedures

Management is responsible for the information disclosed in this management's discussion and analysis and has in place the appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable. The Company has three officers, the Chief Executive Officer, the Vice-president, Finance the Corporate Secretary and no employees. The involvement of these officers in all aspects of the design and operation of accounting controls and procedures was effective as at and for the period ended November 30, 2009. The audit committee is actively involved in quarterly reviews and is comprised of three independent directors.

As of the date of this Management's Discussion and Analysis, the Company is being reviewed by the TSX Venture Exchange, Compliance and Disclosure Division to determine whether the Company has met its tier maintenance requirements and been in compliance with continuous disclosure regulations.

The Issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Financial Instruments

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities effective for financial years commencing on or after October 1, 2007. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company's financial assets and liabilities consist of cash, due from related parties, taxes recoverable, accounts payable and accrued liabilities, demand notes, due to Darnley Bay Resources Limited and other taxes payable. Cash is classified as held-for-trading and is carried at fair value. Amounts due from related parties and taxes recoverable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity. Accounts payable and accrued liabilities, demand notes, due to DBR and other taxes payable are classified as other financial liabilities, which are measured at amortized cost.

The carrying amounts of the Company's financial assets and liabilities approximate fair values because of the limited term of these instruments.

The Company's financial instruments are exposed to certain financial risks including currency risk, interest rate risk, credit risk and liquidity risk and price risk.

Related Party Information

At November 30, 2009, demand notes include $71,888 (May 31, 2008-$71,888) due to three directors and one former director. This amount is unsecured, non-interest bearing, and due on demand. During fiscal 2009, these two directors forgave $77,887 owing to them in respect of services rendered.

Included in accounts payable and accrued liabilities at November 30, 2009 is $150,000 (May 31, 2009- $150,000) recorded as owing to a former director and officer of the Company. Management believes that the former director and officer waived his right to these amounts during fiscal 2009, however, management has not recorded the reversal of such amounts as the former director and officer maintains that he remains entitled to them. Management intends to defend its position that the former director and officer waived these amounts.

Interest accrued on demand notes owing to the three current directors and former director during the period ended November 30, 2009 totalled $9,567 (May 31, 2009-$4,889).

These related party transactions, except for the loans, are in the normal course of business and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Risks

The Company's assets are subject to the risk of increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations. Operational risks include finding and developing economic ore reserves. Financial risks include interest and U.S. dollar exchange rates, which are beyond the control of the Company. The ability of the Company to develop its properties and the future profitability of the Company are directly related to the market price of exploited minerals and metals. The Company is subject to various regulatory risks, many of which also are beyond the control of the Company.

The Company is considered to be in the development stage and has not yet recorded any revenues from its mining operations nor has the Company commenced commercial production on any of its properties. There can be no assurance that the Company will generate any revenues or that the assumed levels of expenses will prove to be accurate.

The Company expects to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require substantial resources to complete the development of its properties. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of on-going development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

The Company's vulnerability to changes in metal prices may cause its share price to be volatile and may affect the Company's operations and financial results.

The Company's primary source of revenue will be the sale of diamonds. Accordingly, changes in the market price of diamonds will significantly impact the Company's profitability and share price. The Company's financial results will be very sensitive to external economic factors related to the price of diamonds. A major risk will arise if there is a prolonged period of lower diamond prices. Many factors beyond the Company's control influence the market price of diamonds. These factors include: global supply and demand; availability and costs of substitutes; speculative activities; international political and economic conditions; and production levels and costs in other diamond-producing countries. By 2012 it is forecast that rough prices will rise by about 40% on average across diamond categories as supply continues to be almost flat and demand, particularly from India, China and the Gulf (together making up 18% of the retail market in 2006), continues its robust growth. Purchases in those three areas, which are growing at almost twice the world average, are on a cash basis. Latin America and Asia (6% of retail sales) are also doing well.

The Company is subject to extensive environmental legislation and the costs of complying with these regulations may be significant. Changes in environmental legislation could increase the costs of complying with applicable regulations and reduce levels of production.

Environmental legislation relating to land, air and water affects nearly all aspects of the Company's operations. This legislation requires the Company to obtain various operating licenses and also imposes standards and controls on activities relating to exploration, development and production of gold and other precious metals. The cost of obtaining operating licenses and abiding by standards and controls on its activities may be significant. Further, if the Company fails to obtain or maintain such operating licenses or breaches such standards or controls imposed on its activities, it may not be able to continue its operations in its usual manner, or at all, or the Company may be subject to fines or other claims for remediation which may have a material adverse impact on its operations or financial results. While the Company is unaware of any existing material environmental liabilities, it cannot guarantee that no such liabilities currently exist or will occur in the future.

Changes in environmental laws, new information on existing environmental conditions or other events may increase future compliance expenditures or otherwise have a negative effect on the Company's financial condition and results of operations. In addition to existing requirements, it is expected that other environmental regulations will likely be implemented in the future with the objective of protecting human health and the environment. Some of the issues currently under review by environmental agencies include reducing or stabilizing air emissions, mine reclamation and restoration, and water quality. Other changes in environmental legislation could have a negative effect on production levels, product demand, product quality and methods of production and distribution. The complexity and breadth of these issues make it difficult for the Company to predict their impact. The Company expects that capital and operating expenditures will increase as a result of compliance with the introduction of new, more stringent environmental regulations. Failure to comply with environmental legislation may result in the issuance of clean-up orders, imposition of penalties, liability for related damages and the loss of operating permits. While the Company believes it is now in material compliance with existing environmental legislation, it cannot give assurances that it will, at all future times, be in compliance with all federal and provincial environmental regulations or that steps to bring the Company into compliance would not have a negative effect on its financial condition and results of operations.

The mining industry is intensely competitive and the Company must compete in all aspects of its operations with a substantial number of other junior mining companies, some of which have greater technical and financial resources. The Company may be at a disadvantage with respect to some of its competitors in the acquisition and/or development of high potential mining properties throughout the principal markets and geographical areas in which the Company carries on its business activities.

There is uncertainty about the Company's ability to realize the carrying value of its assets and discharge its liabilities as they come due. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing and reach positive cash flows from operations.

Forward Looking Information

This MDA contains "forward looking information". Forward looking information includes, but is not limited to, statements concerning mineral resource estimates and exploration budgets for the Franklin Project and other statements which are not historical facts.

In certain cases, forward looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved" and include the negative variation of such phrases.

With respect to forward looking information contained in this MDA, the Company has made assumptions regarding, among other things, the Company's ability to generate sufficient cash flow from operations and access existing credit facilities and capital markets to meet its future obligations, the regulatory framework in the provinces in which its properties are located with respect to, among other things, permits, licenses, authorizations, royalties, taxes and environmental matters, and the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Company's demand.

Although the Company believes that its expectations reflected in forward looking information are reasonable, such forward looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or the Company's projects to be materially different from any future results, performance or achievements expressed or implied by the forward looking information. Such factors include, risks related to failure to convert estimated mineral resources to reserves, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of gold, unexpected increases in capital or operating costs, possible variations in mineral resources, grade or recovery rates, failure of equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry, delays in obtaining governmental consents, permits, licences and registrations or financing or in the completion of development or construction activities, uncertainties relating to the availability and costs and availability of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices and uninsured risks, as well as those factors discussed under "Risks" in this MDA.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward looking information. The forward looking information contained herein, unless stated otherwise, is made as of the date of this MDA and the Company makes no responsibility to update them or to revise them to reflect new events or circumstances, except as required by law.

Any mineral resource and mineral reserve figures referred to in this MDA are estimates and no assurances can be given that the indicated levels of minerals will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource and reserve estimates referred to in this MDA are well established, by their nature resource and reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company. Due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration.

"Aimé N. Bertrand"
Chief Executive Officer

"*David J. Layman"*
Vice-President, Finance

January 29, 2010