

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The following management's discussion and analysis ("MD&A") supplements the consolidated financial statements of the Company and the notes thereto for the six months period ended June 30, 2010; it does not form a part of the financial statements and therefore should be read in conjunction with the Financial Statements report for the period ended June 30, 2010 which discusses and analyses the financial condition and results of operations of International PBX Ventures Ltd.

Additional information relating to the Company can be found on SEDAR [www.sedar.com](http://www.sedar.com) and the company website [www.internationalpbx.com](http://www.internationalpbx.com).

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set out below.

## **CORPORATE GOVERNANCE**

Management of the Company is responsible for the preparation and presentation of the annual financial statements and notes thereto. Additionally, it is Management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's management is held accountable to the board of Directors ("Directors"), each member of which is elected annually by the shareholders of the Company. The directors are responsible for reviewing and approving the annual audited financial statements and the MD&A. Responsibility for the review and approval of the Company's annual audited financial statements and MD&A is delegated by the Directors to the Audit Committee, which is composed of three directors. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors. The auditors are appointed annually by the shareholders to conduct an audit of the financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

## DESCRIPTION OF BUSINESS AND OVERALL PERFORMANCE

International PBX Ventures Ltd. is a resource exploration company involved in exploring for gold, silver, copper and molybdenum on its various properties located in Chile through its wholly owned subsidiary in Chile, Minera IPBX Limitada.

As of June 30, 2010, through its Chilean subsidiary, Minera IPBX Limitada, International PBX Ventures Ltd owns title to 107 mineral claims totaling 24,909 hectares. These claims make up seven properties currently maintained by the Company as follows: The main three projects are Copaquire, Tierra de Oro, and Sierra Pintada. The Company maintains title to four other properties, Tabaco, Zulema (aka Chicharra), Palo Negro, and Hornitos, but is not pursuing any activity at this time.

**The Company's main properties are discussed below as follows:**

### **Copaquire, Chile**

Copaquire is a 100% owned advance staged exploration project of 1473 hectares covering a major copper-molybdenum porphyry system in the Andean Cordiera of Region I, northern Chile. The property is approximately 20 km west of the Collahuasi mine and 8 km west of the Quebrada Blanca copper-molybdenum mine properties.

The Company's 2004-2008 exploration programs including geological, geochemical, geophysical surveys and 29,541 metres of drilling have confirmed large areas of copper and molybdenum-rhenium porphyry mineralization. Two of the three large targets identified by late 2005 i.e. Sulfato and Cerro Moly, were partially drilled in more detail during 2006 and 2007. Both continue to demonstrate that they have the dimensions to host very large open pit or quarry deposits.

On June 23, 2009 the Company announced an updated and revised resource estimate. The resource estimate upgrade included all information from drilling from October 2007 to March 2008 when the Copaquire drill program was completed.

The table below presents the estimate of the updated resource of the Copaquire deposit using a 0.03% Mo cut-off, of 184.6 million tonnes of Indicated resources at 0.05% Mo and an additional 114.8 million tonnes of Inferred resources at 0.051% Mo.

**Table 0-1: Mineral Resource Statement for Copaquire Deposit using 0.03% Mo Cut-off (Videla, 2009)**

<b>Resource Category</b>	<b>Tonnage (Mt)</b>	<b>Mo (%)</b>	<b>Cu (%)</b>	<b>Re (g/t)</b>
Indicated	185	0.050	0.089	0.098
Inferred	114	0.051	0.096	0.075

The updated NI 43-101 standards resource report was authored by Mr. Eduardo Videla, Consulting Geologist, M.Sc. a member of MAusIMM and independent Qualified Persons under JORC and NI 43-101 and has been filed on SEDAR. For more details of the mineralization see NI 43-101 report on the Company's website at [www.internationalpbx.com](http://www.internationalpbx.com).

On September 8, 2009, the Company staked 2,100 hectares of new claims (Huatacondo claims) 20 miles west of its Copaquire claims. With the staking of the Huatacondo claims the Company secured the necessary area for tailings in preparation of future mining operations.

On November 2, 2009, the Company announced the results of a Preliminary Assessment Study (PA) on its Copaquire Copper-Molybdenum-Rhenium Project in Chile produced by AMEC International (Chile) S.A. The PA is a conceptual study for a standalone mining scenario for the Copaquire copper molybdenum deposit which is one of several scenarios the Company is studying for the development of the Copaquire project. For the purposes of the PA, AMEC constrained the existing resource estimate (Videla, 2009) within a conceptual pit, and restricted the metals of interest to copper and molybdenum.

AMEC developed an order of magnitude study report to analyze the economic viability of Copaquire project. AMEC reports that the resources at Copaquire will be mined by open pit methods and has developed an ultimate pit and an order of magnitude level production plan to process mill feed. AMEC is confident that the mine results can be improved with additional studies to be developed during the next stages of project evaluation.

The PA has focused only on the Cerro Moly area which is a stockwork molybdenum deposit that has formed within a pre-existing larger Sulfato copper porphyry system. The Cerro Moly area comprises of only 15% of the surface area of the entire surrounding Sulfato copper mineralized zone. The Company now plans to continue to develop the larger remaining Sulfato copper zone which previous drilling has indicated contains higher grade copper. The PA's sensitivity analysis shows that additional higher grade copper will contribute significantly to the economics.

Also rhenium content may be a valuable bi- or co-product thereby increasing project revenues. The Company has re-assayed all drill samples which were not previously assayed for rhenium and the results will be added to future updated resource estimates and economics.

In March of 2010 the Company started a 2,500 meter drill program on the Sulfato South Copper zone. The objective of the drill program is to define a higher grade copper zone which will become the starter pit for the Copaquire mine plan developed in the recent Preliminary Assessment. Results from the first hole of the program returned 267 meters at 0.57% copper including 139.6 meters at 0.82% copper. These results show that higher grade copper mineralization extend down to significant depths and will contribute towards the company's objectives in defining a higher grade starter pit.

Along with the drill program the Company initiated an extensive bulldozer trenching program on the Marta porphyry which is the second porphyry on the Copaquire property. There has been no previous work done in the Marta area other than an historic small copper-molybdenum mining adit. This program was successful in exposing extensive areas of copper porphyry, copper intrusive breccia, copper oxide and chalcopyrite mineralization

throughout the southern portion of the Marta area. A significant copper skarn zone was also exposed between the Copaquire and Marta porphyries.

As more mineralization was being exposed on the Marta porphyry the Company initiated a "Titan Deep Penetration IP Survey" over the two porphyries. The survey will define the Titan 24 response associated with the currently defined Cerro Moly resource area in the Copaquire porphyry and a detailed evaluation of the response associated with a series of known and recently discovered mineralized zones within the Marta Porphyry as well as the extensive copper skarn mineralization located between the Marta and Copaquire porphyries.

The Titan 24 DCIP & MT is a multi parameter distributed ground geophysical survey system designed to collect large volumes of highly accurate subsurface physical property information to depths of 750 metres with IP Chargeability and DC resistivity as well to depths of 1500 metres with MT (magnetotelluric resistivity).

The Titan 24 survey is designed to:

- Detect and discriminate targets related to potential mineralization and alteration associated with copper deposits.
- Discriminate large targets with potentially greater tonnage from small non economic targets.
- Compliment near surface information for integrated drill targeting.
- Provide thorough property evaluation in less overall time than previously possible.

When the Company receives the results of the Titan IP Survey and the trench sampling on the surface of the IP area, drill targets will be assessed and prioritized for a future drill program on the Marta porphyry and the recently identified copper skarn zone.

Because of the positive results of the 2010 drill program and new areas of extensive copper mineralization being exposed, a number of major and mid tier mining groups have requested permission to view the company's exploration database and perform property site visits.

During the six months period ended June 30, 2010, the Company spent \$1,429,960 (2009 - 23,864) on the Copaquire project.

### **Tierra de Oro, Chile**

Tierra de Oro is an advanced stage exploration project of 5,758 hectares covering the historic Chanchero gold camp (past production of about 200,000 ounce gold) and numerous areas of historic oxide copper workings on the eastern flank of the Coastal Iron Oxide Copper Gold belt of Region III, northern Chile. The property lies about 30 km south of the large Candelaria copper-gold-silver mine.

The Company initially became involved in the property in 1996 as a joint venture with Princeton Mining to explore for acid soluble copper deposits. During the course of this exploration the Chanchero gold camp was discovered and added to the property. In 1998

the Company bought out Princeton's interest. The property was dormant between 1999 and 2002. In late 2003 it was reactivated.

To date the company has conducted property wide geological, geochemical, geophysical surveys and limited trenching and drilling. These surveys in the Chanchero gold camp have delineated five major gold bearing structure zones from 2-5 kilometers in length and 50-300m in width. Within these zones at least twenty large gold targets have been defined to varying degrees. All of these demonstrate surface gold grades and widths sufficient to develop both open pit and underground mineable oxidized deposits in the 200,000 to 1,000,000 ounce range.

During November 2007, the Company commenced a 7,000 meter drill program to test their identified gold targets. The drill results were inconclusive in that they failed to corroborate the positive gold values obtained by surface sampling programs. However areas of significant silver - copper mineralization hosted in shears and mantos within the volcanics were identified which justify additional work. Highlights include RC56, which intersected 40 metres of 16 g/t silver including 13 metres of 40 g/t silver. RC58 intersected 40 metres of 8.2 g/t silver.

On February 21, 2008, the Company announced the discovery of a large 3D Induced polarization anomaly in the Chanchero zone. The large near surface anomaly is elongated northeast-southwest, 2,800 meters long by 1,700 meters wide, and is open at depth. The anomaly is associated with an overlying gold-copper bearing alteration zone. The anomaly is located at the center of a structurally controlled copper-gold camp and may be the source of the near surface copper and gold mineralization found in the surrounding areas. The intensity and homogeneity of this chargeability response, coincident with a strong magnetic low anomaly and coupled with the presence of altered iron oxide-rich porphyritic intrusions hosting copper-gold veins at surface, may indicate a large sulphide rich system is present at moderate depth.

During the six months period ended June 30, 2010, the Company spent \$43,892 (2009 - \$55,705) on the Tierra de Oro project.

## Sierra Pintada, Chile

Sierra Pintada is an early staged exploration project of 3,170 hectares covering 15 kilometers of the western flank of the Atacama Fault Zone in the Freirina sector of Coastal Iron Oxide Copper Gold belt of Region III, northern Chile. The individual structures that form the Atacama Structural zone in this sector are the loci of numerous centers of past high grade copper, gold, silver and cobalt mining with past production ranging from 550 million – 850 million pounds of copper and 300,000 to 1,500,000 ounces of gold. Three historic mining districts with similar characteristics i.e. La Gloria, Viña and Totora are within the Sierra Pintada property.

In September and October 2002 the property was staked by the Company. Exploration programs in 2003-2005 including geological mapping, residual soil geochemical surveys and chip sampled the majority of the readily accessible old workings in the three camps. These programs have defined to date seven strong copper - gold targets along two major mineralized structure zones each at least 15 kilometers in length and 50m to 200m in width that transect the three historic mining camps.

During 2007, the Company completed a 3D Induced Polarization survey on the property, results of which are now being evaluated.

During the six months period ended June 30, 2010, the Company spent \$29,013 (2009 - \$31,795) on the project.

## SELECTED ANNUAL INFORMATION

	2009	2008	2007
Total Revenues	-	-	-
Loss Before Discontinued Operations	(861,709)	(6,122,804)	(2,071,544)
Loss Per Share	(0.01)	(0.08)	(0.03)
Total Net Loss	(861,709)	(6,122,804)	(2,071,544)
Total Net Loss Per Share	(0.01)	(0.08)	(0.03)
Total Assets	16,670,930	17,490,861	24,810,346
Total Long-Term Financial Liabilities	-	-	-
Cash dividends declared per-share	-	-	-

## RESULTS OF OPERATIONS AND FINANCING ACTIVITIES

All of the financial information referenced below has been prepared in accordance with Canadian generally accepted accounting principles.

As at June 30, 2010, the Company had a positive working capital of \$312,823 with current assets of \$469,783 and current liabilities of \$156,960.

On April 23, 2010, the Company closed a private placement raising \$1,515,500 with two tranches and issued 7,577,500 Units (7,577,500 common shares and 3,788,750 warrants). The private placement was oversubscribed by \$115,500. Each Unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to purchase a further common share at a price of \$0.30 per share for a period of one year subject to an acceleration event, which shortens the period to 30 days after the Company's stock has traded ten consecutive days at \$0.40 or higher. The proceeds have been used for general working capital purposes and to carry out Phase II infill drill program on the Sulfato South mineralized copper zone of the Copaque copper project located in Chile.

On August 10, 2010, the Company announced a further private placement to raise \$300,000 by issuing 1,500,000 Units. Each Unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to purchase a further common share at a price of \$0.30 per share for a period of one year subject to an acceleration event, which shortens the period to 30 days after the Company's stock has traded ten consecutive days at \$0.40 or higher. The proceeds will be used to continue phase II drill program and for general working capital.

Balance of funds on hand as of August 26, 2010: CAD\$334,000.

The Company's operations during the six months period ended June 30, 2010, produced a net loss of \$950,470 or \$0.01 per share compared to a net loss of \$516,036 or \$0.01 per share for 2009.

The increase of \$434,434 in net loss to the previous year's comparative period is mainly attributed to:

1. Administration expense and management fees of \$161,417 (2009 – \$137,729) represent a \$23,688 increase from 2009. The Company increased its Chilean staff during its infill drill program at the Copaque property.
2. Investor relations expenses of \$82,195 (2009 – \$4,821) represent a \$77,374 increase from 2009. During the period, the Company retained investor relations and corporate development services from consultants to promote its stock to the mining industry, which all were terminated in previous years.

3. Office expenses of \$113,825 (2009 – \$99,786) break down as follows:

	2010	2009
Office & misc.	58,059	47,747
Rent	32,323	32,491
Telephone	6,936	3,085
Insurance	16,507	16,463
Total	113,825	99,786

4. Total professional fees of \$218,699 (2009 - \$131,436) represent a \$87,263 increase from 2009, resulting from increased legal fees in relation to the Company's private placement and geological services in Chile .
5. Stock based compensation expenses of \$64,800 (2009 – \$24,573) represent a \$40,227 increase from 2009 related to the Company granting stock options to investor relation and other consultants of the Company.
6. Travel and promotion expense of \$198,934 (2009 - \$20,333) represent a \$178,601 increase from 2009, due to increased travel and promoting activities attending mining shows.

## SUMMARY OF QUARTERLY RESULTS

The following are the results for the most recent eight quarters with the last quarter ending June 30, 2010:

	2010	2010	2009	2009	2009	2009	2008	2008
	Jun.30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30
Total Revenues	-	-	-	-	-	-	-	-
Loss Before Discontinued Operations	(486,157)	(464,313)	(168,369)	(177,303)	(194,409)	(321,628)	(259,644)	(516,757)
Loss Per Share	(0.01)	(0.01)	(0.002)	(0.002)	(0.002)	(0.004)	(0.00)	(0.01)
Total Net Loss	(486,157)	(464,313)	(168,369)	(177,303)	(194,409)	(321,628)	(259,644)	(516,757)
Total Net Loss Per Share	(0.01)	(0.01)	(0.002)	(0.002)	(0.002)	(0.004)	(0.00)	(0.01)

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company finances its operations through the sale of its equity securities. The Company has no producing mineral properties. The Company expects to obtain financing in the future primarily through equity financing. There can be no assurance that the Company will succeed in obtaining additional financing, now and in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and/or sell its interests in its properties.

As at June 30, 2010, the Company had a positive working capital of \$312,823 with current assets of \$469,783 and current liabilities of \$156,960.

Balance of funds on hand as of August 26, 2010: CAD\$334,000.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto.

## **RELATED PARTY TRANSACTIONS:**

During the six months period ended June 30, 2010, transactions and balances with related parties are as follows:

	<b>2010</b>	<b>2009</b>
Administration fees paid to companies controlled by directors	114,307	116,670
Accounting fees paid to a company controlled by an officer	54,000	54,000
Legal fees on behalf of companies related by a common director	-	328

## **INVESTOR RELATIONS**

In January 2010, the Company entered into a four months investor relation services agreement with Ed Baer, Toronto. Under the agreement the Company paid a monthly fee of \$8,500 and granted 400,000 stock options exercisable at \$0.13 for a period of 12 months. After the end of the four month period, the Company continued to receiving such services on a month-to-month basis for a monthly fee of \$5,000.

## FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, marketable securities, amounts receivable from related parties, pre-paid expenses and deposits, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values due to their short-term maturity capacity for prompt liquidation.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUES

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's Statement of Operations and Deficit included in its consolidated interim Financial Statements for the six months period ended June 30, 2010 and 2009, as well as in the audited Financial Statements for the year ended December 31, 2009 and 2008, which is available on SEDAR at '[www.Sedar.com](http://www.Sedar.com)'.

## DISCLOSURE OF OUTSTANDING SHARE DATA

Outstanding Share Data as at August 26, 2010:

	<b>Number outstanding</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Common shares	86,237,315		
<b>Common shares issuable on exercise:</b>			
Stock options	1,700,000	\$0.10	June 4, 2014
Stock options	950,000	\$0.10	September 20, 2010
Stock options	2,050,000	\$0.10	September 15, 2011
Stock options	200,000	\$0.13	January 6, 2011
Stock options	800,000	\$0.22	April 16, 2011
Stock options	500,000	\$0.23	May 26, 2011
<b>Total options</b>	<b>6,200,000</b>		
<b>Common shares issuable on exercise:</b>			
Warrants	2,580,000	\$0.30	April 14, 2011
Warrants	1,208,750	\$0.30	April 24, 2011

On February 22, 2010, the Company announced a private placement of 7,000,000 units at \$0.20 per unit. Each unit is comprised of one common share and one half of a share purchase warrant. Each full warrant entitles the holder to purchase one common share at \$0.30 per share. The warrants expire twelve months after closing the private placement or 30 days after the company's notice to warrant holders in case that company's stock trades

10 consecutive days at \$0.40 or higher (“Acceleration Event”). On April 13, 2010, the Company closed its first tranche of the private placement issuing 5,160,000 shares and 2,580,000 warrants expiring April 13, 2011. On April 23, 2010, the Company closed its second tranche of the private placement issuing 2,417,500 shares and 1,208,750 warrants expiring April 24, 2011.

During the three months ended June 30, 2010, the, the Company issued 1,350,000 common shares pursuant to the exercise of 1,350,000 stock options at \$0.10 per share for gross proceeds of \$135,000.

On August 26, 2010 the Company issued 200,000 common shares pursuant to the exercise of 200,000 stock options at \$0.13 per share for gross proceeds of \$26,000.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

### **Recent Accounting Pronouncements**

In 2006, the Accounting Standards Board (“AcSB”) announced that accounting standards in Canada are to be converged with International Financial Reporting Standards (“IFRS”). In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that publicly accountable companies will be required to adopt IFRS for interim and annual financial statements relating to fiscal periods beginning on or after January 1, 2011 (‘adoption date’) with appropriate comparative data in respect of the prior year. Under IFRS, there is significantly more disclosure required, specifically for quarterly reporting. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy that must be addressed.

The Company identified and reviewed the following the four main areas where changes may have a material impact on its financial accounting: a) Stock-based compensation expense, b) Business Combinations, c) Accounting for mining assets and impairment, and d) Cumulative foreign currency translation differences.

Results of a review of the impact of IFRS on the Company’s consolidated financial statements and other areas of the Company are as follows,

- a) Share-based Payment: As a first-time adopter, the Company may elect to not apply IFRS 2 retrospectively to equity instruments that were granted on or before November 7, 2002 and is also not required to apply IFRS 2 to equity instruments that were granted after November 7, 2002 that vested before date of transition to IFRS (January 1, 2010). The Company concluded that no material change is to be expected of stock-based expenses under IFRS.
- b) Business Combinations: IFRS 1 allows an exemption to first-time adopter from retrospective application in case of business combinations that occurred before the date of transition to IFRS. In other words, under IFRS 1 an entity may elect to use previous GAAP accounting relating to such business combination. The Company concluded that no material change is to be expected of its previous business combination accounting under IFRS.

- c) Accounting for mining assets and impairment: IFRS 6 applies to the Company's mining assets. The Company's current accounting policy of "full cost" method is permitted. IFRS 6 requires the Company to assess its mining assets for impairment when facts and circumstances suggest that the carrying amount exceeds its recoverable amount. Only then is an impairment test required to be performed in accordance with IAS 36. The Company concluded that no significant changes are expected to the accounting of the Company's mining assets.
  
- d) Accounting for cumulative translation differences: A first-time adopter is exempted from the transfer of cumulative translation differences that existed on the date of transition to IFRS. If it uses this exemption, the cumulative translation difference for all foreign operations would be deemed to be zero at the date of transition to IFRS, and the gain or loss on subsequent disposal of any foreign operation should exclude translation differences that arose before the date of transition to IFRS but should include all subsequent translation differences. The Company concluded that any cumulative translation difference that exists on January 1, 2010 will be eliminated and retained earnings will be adjusted by the same amount.

The adoption date of January 1, 2011, will require restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010 and the period ended June 30, 2010.

## **DISCLOSURE CONTROLS AND PROCEDURES**

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures.

Based on that evaluation, management has concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – Certification of disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

There were no changes in the Company's internal controls over financial reporting during the Company's six months period ended June 30, 2010 that materially affected, or was reasonably likely to materially affect the Company's internal control over financial reporting.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The Company evaluated the design of its internal controls and procedures over financial reporting as defined under Multilateral Instruments 52-109 for the period ended June 30, 2010. The Company maintains a system of internal controls to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable. The Board of Directors has responsibility for developing and implementing the Company's approach to governance issues. Committees of the Board presently consist of an Audit Committee. Based on the evaluation, management has concluded that the design of these internal controls and procedures over financial reporting was effective.

## **DISCLAIMER**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR ([www.SEDAR.com](http://www.SEDAR.com)). No securities commission or regulatory authority has reviewed the accuracy of the information presented herein. The Company maintains a system of internal controls to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable. The Board of Directors has responsibility for developing and implementing the Company's approach to governance issues. Committees of the Board presently consist of an Audit Committee.

## **CAUTIONARY STATEMENT RISKS AND UNCERTAINTIES**

This MD&A may contain "forward looking statement" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied, by these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, unfavorable feasibility studies, fluctuations in the market valuation for the minerals, difficulties in obtaining required approvals for the development of a mine and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this MD&A or as the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company does not intend, and does not assume any obligation to update these forward looking statements.

## **FUTURE DEVELOPMENTS AND DISCUSSION**

The Company will continue to pursue the development of its projects and its efforts to secure further mineral resource opportunities. The Company has sufficient funds raised to continue with its current drill program to further develop the Sulfato South copper zone within the Copaquire area, to maintain its portfolio of properties in good standing, and to continue the operations of the company for the next three quarters.

### **DIRECTORS**

Gary Medford  
Verna Wilson  
Michael Waskett-Myers  
George Sookochoff

### **OFFICERS**

George Sookochoff, CEO  
& President  
Peter Kohl, CFO & Secretary

### **AUDIT COMMITTEE**

Gary Medford  
Verna Wilson  
Michael Waskett-Myers

**On Behalf of the Board,**  
George Sookochoff, CEO & President

August 26, 2010