

Advanced Explorations Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2007

This Management Discussion and Analysis (MD&A) is dated August 29, 2007 and reviews the business of Advanced Explorations Inc. (the "Company" or "AEI") for the six month period ended June 30, 2007 and should be read in conjunction with the interim financial statements and all notes thereto. The Company has also published Audited Financial Statements for the year ended December 31, 2006. These documents can be found on SEDAR, www.sedar.com. All dollar amounts are in Canadian dollars. This MD&A and the accompanying unaudited interim consolidated financial statements and related notes for the six month period ended June 30, 2007 have been approved by the Company's audit committee and Board of Directors.

This MD&A contains certain forward looking statements, such as statements regarding potential mineralization, reserves and exploration results and future plans and objectives of the Company that are subject to various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Core Business Strategy

In a departure from its initial focus on technology related opportunities, the Company has been developing a strategy to leverage its expertise and experience in identifying business opportunities within the resource sector. The Company identified the Roche Bay iron ore magnetite project (the "Roche Bay Project") which is located on the east coast of the Melville Peninsula, Nunavut Territory, Canada. Its proximity to a natural port makes it one of the world's premier iron ore opportunities. The Company successfully completed the Option Agreement (as defined herein) to earn an interest in the Roche Bay Project and related financing on June 4, 2007. The Company also expanded its iron ore exploration and mining capabilities with the acquisition of strategic management personnel as part of the acquisition of the option on the Roche Bay Project. AEI now has the management, technical and exploration experience and expertise to rapidly advance the Roche Bay Project, as well as develop new opportunities in the area and globally.

With the acquisition of the Roche Bay Project the Company has taken steps to establish itself as a significant iron ore exploration and development company. With a core focus on iron ore and in particular the objective to fast track exploration and development efforts on the Roche Bay Project, the Company entered into discussions to assign its technology assets. On July 17, 2007 the Company entered into an agreement with Pinpoint Xploration Inc ("Pinpoint") whereby the rights of AEI to Laser Diagnostic Instruments International Inc ("LDI") airborne laser fluorescence technology were

assigned to Pinpoint for a 10% equity interest in Pinpoint. Future opportunities in the resource sector utilizing this technology will be pursued through Pinpoint.

Technology

With the core focus of the Company on the development of the Roche Bay Project and other iron ore projects, management of AEI entered into discussions to assign their non-core assets.

On July 17, 2007 the Company announced that it had entered into an Assignment and Assumption Agreement with PinPoint with respect to the License Agreement for laser technology used in the exploration of petroleum resources between AEI and LDF³. Under this Assignment and Assumption Agreement, AEI assigned the License Agreement to PinPoint along with all right, title and interest of AEI to that agreement, with PinPoint assuming all obligations of AEI under the License Agreement and performing all obligations of AEI. As partial consideration for this assignment and assumption, PinPoint agreed to allot and issue to AEI 111,111 ordinary shares in the capital of PinPoint by August 30, 2007, which shares will represent, immediately following their issue to AEI, 10% of the issued and outstanding ordinary shares in the capital of PinPoint. AEI has the right to participate in any future financings to maintain its equity interest.

Mining Properties – Roche Bay Iron Ore Project

The Roche Bay Project was discovered over 40 years ago. Work undertaken in the 1960s, 1970s and 1980s has been summarized in a NI43-101 compliant report by Golder Associates (Palmer, et al) filed on SEDAR. While the work is not to current standards it clearly demonstrates the potential for an extremely large iron ore deposit located on high water. Previous metallurgical work, some of which has been recently verified by SGS Lakefield, indicates the potential to produce a quality product. The potential size and location of the project was the motivation for AEI to enter into the Option Agreement with Roche Bay Plc (“Roche Bay”).

The Company entered into an agreement with Roche Bay dated January 29, 2007 whereby they have the option to acquire up to a 50.1% interest in the Roche Bay Project located on the east coast of the Melville Peninsula, Nunavut Territory, Canada (the “Option Agreement”). On June 4, 2007 the Company completed the Option Agreement and associated \$11,590,750 financing. The Company’s stock had been halt from trading from January 29, 2007 to June 7, 2007 during the completion of the financing and change of business. The Company also successfully migrated from the TSX: NEX to the TSX Venture Exchange. The stock was halted at \$0.31 and opened at \$1.71 on the first day of trading.

Under the Option Agreement, the Company was required to issue restricted share rights totalling 12,000,000 to Roche Bay and made cash payment of \$250,000 under the Option Agreement, as well as complete certain performance requirements. Each restricted share

right will entitle the holder to purchase one share of the Company with an exercise price for the restricted share right ranging from \$0.35 to \$1.00. The Company's interest in the Roche Bay Project is based on performance and completion of certain milestones which includes;

- 10% upon completing 15,000 metres of drilling
- 20% upon completing 30,000 meters of drilling and pre-feasibility study
- 10% upon completion of a feasibility study
- 10.1% upon receiving mine permit.

Upon the exercise of its option on the Roche Bay Project, the Company will form a joint venture with Roche Bay to construct and operate a mine. To maintain operatorship of the Joint Venture and its interest in the Roche Bay Project, AEI must meet certain additional milestones which include providing the financing for the Roche Bay Project as defined in the Company's March 30, 2007 press release. Subject to Roche Bay's approval, there are provisions in the Option Agreement should AEI bring a suitable investor/partner for Roche Bay to dilute to 33%.

The Roche Bay Project consists of 4 mining leases on outcroppings of a banded iron formation. The eastern most exposures are ideally located: being within 6 kilometers of tide water. Airborne magnetics and ground mapping indicate approximately 13 km of iron formation within the two eastern leases. Similar strike potential has been identified on the other two leases.

With the short field season and competition for drills the Company prior to the close of the financing undertook a series of non-recourse debt financings to allow for mobilization of a camp and drills to the site in May. The first drill began drilling mid-June and the second drill by the end of the month.

The current program is focused on the C Zone which was one of 5 zones (A,B,C,D and E) identified in previous exploration programs undertaken in the early 1980s. Based on the field work in 1982, a tonnage of 1.14 billion was estimated with an iron grade between 24% and 34%. The potential quantity and grade is conceptual in nature, as there has been insufficient exploration to define a mineral resource. Although these historical references of resource potential are relevant to recognizing the potential of the Roche Bay Project, they should not be relied upon and accordingly no claim to resources under NI 43-101 is made. The Company has not verified the classification of the historic resource references and is not treating them as NI 43-101 defined resources as defined in Sections 1.2 and 1.3 of NI 43-101.

There have been a number of press releases in July and August providing updates on the drill program. Preliminary information indicates the main body of the C zone strikes for over 5000 meters and where tested has an average width of over 200 meters. Drill testing of other zones is not expected in the current program. The objective of the Company is to complete sufficient drilling to provide an updated resource that is NI43-101 compliant. Based on these results the company then plans to contract a scoping or pre-feasibility study.

Mining – New Opportunities

As part of the initiative to expand the Company's iron ore portfolio a number of opportunities were evaluated. The primary focus has been on Canadian projects but international projects have also been considered. On June 14, 2007 the Company announced the signing of partnership and option agreement with A Better Search Inc. ("Better Search") to pursue iron ore opportunities in Quebec. Better Search has a number of iron projects in the Quebec-Labrador area that are being evaluated for their economic potential.

The Company has a 4 month exclusive period to review all Better Search's holdings to identify projects to option. In addition, Better Search will collaborate with AEI during the next 12 months to identify other iron ore projects to acquire. As part of the option and collaboration agreement, the Company will pay Better Search 200,000 common shares of the Company and \$25,000. For each project of merit optioned from Better Search during the 4 month exclusive period, the Company will provide an additional 300,000 shares and \$150,000. No additional compensation will be provided to Better Search for claims/projects acquired under the collaboration agreement. The MOU is subject to TSX approval.

Results of Operations

This analysis of the results of the Company's operations should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three and six months ended June 30, 2007. For the six months ended June 30, 2007, the Company had \$5,727,977 cash on hand and a net loss of \$1,265,424 compared with a net loss of \$83,155 for the same period last year. For the three months ended June 30, 2007 the Company reported a net loss of \$1,114,985 compared with \$48,614 for the same period last year. The increased amount of losses was largely due to an increase in corporate activities relating to a proposed transaction. Prior to the close of the Roche Bay transaction the Company was inactive.

Revenues

The Company's revenues for the three and six months ended June 30, 2007 and 2006 were \$NIL.

Liquidity and Capital Resources

The Company's common shares resumed trading on the NEX board of the TSX Venture Exchange on October 12, 2004. The Company completed a change of business as part of

the Roche Bay Option and financing and now trades on the TSX venture exchange (TSX-V: AXI).

The Company had a cash position of \$5,727,977 compared to \$NIL for the period ended December 31, 2006. Accounts payable and accrued liabilities at June 30, 2007 were in the amount \$1,375,484 compared with \$227,905 as at December 31, 2006.

On June 6, 2007 the company announced a financing of \$11,090,750. The funds for the financing are to be used for supporting exploration activities on the Roche Bay project and general administration costs.

Share Capital Analysis

The authorized share capital is unlimited.

Issued Common Shares:

	No. of Shares	Amount (\$)
Balance, January 1, 2007	8,880,677	2,492,152
Private Placement (January)	1,000,000	200,000
Fair value of warrants issued (i)	-	(36,974)
Finders' fee for the Roche Bay Magnetite Project	144,619	180,774
Private Placement (June 4)	8,683,333	11,090,750
Fair value of warrants issued	-	(1,384,469)
Cost of issue – non-cash	-	(313,414)
Cost of issue – cash	-	(765,994)
Debt for shares settlement	294,763	368,454
Fair value of bonus shares issued	420,591	526,239
Exercise of stock options	10,000	5,100
Fair value of stock options exercised	-	3,322
Exercise of warrants	50,000	12,500
Fair value of warrants exercised	-	1,849
Balance, June 30, 2007	19,483,983	12,380,289

On June 6, the Company announced the completion of \$11,090,750 financing. D&D Securities Company (“D&D”) and Octagon Capital Corporation (the “Agents”) sold a total of 1,774,000 units (the “Units”) at a price of \$1.25 per Unit and 613,000 flow-through shares (the “FT Shares”) for gross proceeds of \$3,137,000 (the “Offering”). Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will be exercisable into one common share for two years from the closing date (the "Closing Date") at an exercise price of \$2.00.

Concurrent with the offering, the Company also completed a private placement of 5,963,000 units and 333,333 FT shares for gross proceeds of \$7,953,750.

The Company paid a total cash commission of \$250,960 in connection with the Offering to the Agents. In addition, as a commission for the sale of the Units under the Offering,

the Agents were granted compensation options that will entitle the Agents to purchase 141,920 common shares of the Company at an exercise price of \$1.25 per common share. As a commission for the sale of the FT Shares under the Offering, the Agents were granted compensation options that will entitle the Agents to purchase 49,040 common shares of the Company at an exercise price of \$1.50 per common share. All compensation options granted to the Agents will have an exercise period that expires 2 years from the Closing Date.

In connection with the Concurrent Offering, the Company paid a cash commission of \$298,150 to Parolini Marketing Services Ltd. In addition, the Company paid Limited Market Dealer Inc. a cash commission of \$28,500 and compensation warrants which will entitle Limited Market Dealer Inc. to purchase 13,333 common shares of the Company, at an exercise price of \$1.25 per common share and have an exercise period that expires 2 years from the Closing Date.

For providing advisory and due diligence services to the Company in connection with the Concurrent Offering, D&D received a payment of \$111,500. In addition, D&D was granted compensation options that will entitle the Agents to purchase 475,000 common shares of the Company at an exercise price of \$1.25 per common share and 13,334 common shares of the Company at an exercise price of \$1.50 per common shares. All of the compensation options will have an exercise period that expires 2 years from the Closing Date.

The Company also paid finder's fees in connection with the Option Agreement to the following arm's length parties: i) 48,206 common shares issued to 834689 Ontario Ltd.; and ii) 96,413 common shares issued to John Moses.

In addition; during the closing period the Company issued 294,763 common shares to 2053068 Ontario Ltd. to settle outstanding debt for \$368,454.14.

In consideration of entering into certain Non-Recourse Loans Agreements with the Company, the Company issued an aggregate of 420,591 common shares as bonus shares to certain lenders. The following insider is one of the lenders receiving the following amount of bonus shares: John Gingerich, 160,000 (via Geotechnical Business Solutions Inc.) and 64,000 (via Gingerich Family Trust).

Stock Options

The Company had 460,000 options at \$0.51 issued as of January 1, 2007. Another 85,000 options at \$0.20 were issued in January and a further 1,100,000 options at \$1.25 granted in the month of June. In the period ending June 30th, 2007 100,000 options were forfeited and 10,000 options at \$0.51 were exercised leaving a total of 1,535,000 for the six months ended June 30, 2007:

The following table reflects the actual options issued and outstanding for the six months ended June 30, 2007:

Expiry Date	Exercise price \$	Number of Options Granted	Number of Options Vested
March 2010	0.51	350,000	350,000
January 2012	0.20	85,000	85,000
June 2012	1.25	1,100,000	165,000
		1,535,000	600,000

Warrants

There were no warrants outstanding as of January 1, 2007. In the six months ended June 30, 2007 the Company issued a total of 5,511,127 warrants as part of two completed financings.

The following table reflects the actual warrants outstanding as of June 30, 2007:

Expiry Date	Number of Warrants	Exercise Price (\$)	Black-Scholes Value (\$)
January 1, 2007	-	-	-
January 2008	950,000	0.25	35,125
June 2009	3,868,500	2.00	1,384,469
June 2009	75,707	1.50	29,352
June 2009	616,920	1.25	284,062
	5,511,127		1,733,008

Loans

The Company completed \$2,631,195 of the non-recourse \$3,000,000 debt financing sought in connection with the Roche Bay transaction. The terms of this financing included a bonus equal to 20% of the loan principal advanced, which was paid in shares of the Company at the financing rate of \$1.25 per share. The interest rate of the loan has been set at 10.0% per annum. Accrued interest as of June 30, 2007 amounted to \$30,798.

Quarterly Information

The following sets out a summary of selected quarterly results of the Company for the periods March 31, 2005 to June 30, 2007. The information contained herein is drawn from the interim financial statements of the Company for the aforementioned periods.

Selected quarterly information for the eight most recently completed quarters is presented below, in Canadian currency (\$), and in accordance with Canadian generally accepted accounting principles.

Summary of Quarterly Results:

Quarter Ending	Revenues (\$)	Net loss (\$)	Net loss per share (\$)
June 30, 2007	-	1,114,985	0.09
March 31, 2007	-	150,439	0.02
December 31, 2006	-	118,607	0.02
September 30, 2006	-	29,353	0.00
June 30, 2006	-	48,614	0.01
March 31, 2006	-	34,541	0.00
December 31, 2005	-	3,713	0.01
September 30, 2005	-	21,805	0.00

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of June 30, 2007 or December 31, 2006.

Accounting Policies

These interim consolidated financial statements are prepared following accounting policies consistent with the Company's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2006.

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA).

Financial Instruments

The Company adopted the new recommendations of CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", and Section 3861, "Financial Instruments - Disclosure and Presentation". Under the new standards, all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are included on the balance sheet and are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Held for trading financial instruments are subsequently measured at fair value and all gains and losses are included

in net income in the period from which they arise. Available-for-sale financial instruments are subsequently measured at fair value with revaluation gains and losses included in other comprehensive income until the instrument is derecognized or impaired.

As a result of the adoption of these standards, the Company has classified its cash and cash equivalents as held-for-trading, which is measured at fair value. Bank indebtedness, accounts payable and accrued liabilities, loans payable and promissory note are classified as other financial liabilities, which are measured at amortized cost. The Company had neither available-for-sale, nor held-to-maturity instruments during the three months ended June 30, 2007.

The Company has not entered into any specialized financial arrangements to minimize its investment risk, currency risk or commodity risk.

Comprehensive Income and Equity

Effective January 1, 2007, the Company adopted the new recommendations of CICA Handbook Section 1530, "Comprehensive Income", and Section 3251, "Equity". These sections establish standards for reporting and presenting certain gains and losses normally not included in net earnings or losses, such as unrealized gains and losses related to available-for-sale investments, in a statement of comprehensive income.

The Company had no other comprehensive income transactions during the three months ended June 30, 2007 and no opening or closing balances for accumulated other comprehensive income, and as such, comprehensive income is equal to net income. Accordingly, Section 1530 has had no effect on the Company's interim consolidated financial statements.

No Production Revenues

To date, the Company has not achieved a sustainable stream of revenues, neither from mining operations nor from technology agreement. There can be no assurance that significant additional losses will not occur in the near future, or that the Company will be profitable in the future. The amounts and timing of expenditures will depend on the progress of ongoing exploration and 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 new properties and other factors, many of which are beyond the Company's control. In particular, 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 Company does not expect to receive revenues from mining operations in the near future. While the Company is encouraged by the results from the Roche Bay project, the Company expects to continue to incur losses until such time as its properties enter into commercial production, and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any revenues or achieve profitability.

Non-Monetary Transactions

Effective January 1, 2007, the Company adopted the new recommendations of CICA Handbook Section 3831, "Non-Monetary Transactions", prospectively. This standard requires all non-monetary transactions to be measured at fair value unless they meet one of four very specific criteria. Commercial substance replaces culmination of the earnings process as the test for fair value measurement. A transaction has commercial substance if it causes an identifiable and measurable change in the economic circumstance of the entity. Commercial substance is a function of the cash flows expected by the reporting entity. The adoption of this standard had no impact on the Corporation's interim consolidated financial statements.

Mineral Property

Mineral properties including deferred exploration expenditures are carried at cost until they are brought into production, at which time they are depleted on a unit-of-production basis. The cost of mining properties abandoned or sold and the deferred exploration expenditures relating to the mining claims on these properties are charged to operations in the current year. Should a mineral property become impaired as evidenced by unfavourable exploration results, or a decision to discontinue further work, the acquisition cost and related deferred exploration and development expenditures will be expensed. Effective January 1, 2007, the Company has adopted this policy.

Flow-Through Financing

In connection with the flow-through units, the Company will renounce qualifying expenditures of \$1,419,500 in February 2008. The Company has financed a portion of its exploration activities through the issue of flow-through shares which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to share capital and the related exploration costs have been charged to mining and resource properties. When the renunciation is made, the tax value of the renunciation is recorded as a liability and charged against share capital. Where the Company has a valuation allowance, which reduces future income tax assets, the valuation allowance is reduced and an income tax recovery is recorded in the statement of operations. Effective January 1, 2007, the Company has adopted this policy.

Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures, including adherence to the disclosure policy as directed and specified within employment/consulting contracts. Prior to completing the Option Agreement and financing on June 4, 2007 the Company had a limited number of appropriately qualified staff and there was little segregation of duties within the financial internal control environment of the Company. Functions that would normally be segregated within a typical control environment were performed by one individual. The preparation and authorization of certain activities that would normally be separated were not undertaken by one member of staff responsible for substantially all of the day-to-day finance functions and the financial reporting of the Company. The Company relied on certain compensating controls, including substantive periodic review of the financial statements, to ensure that disclosure controls and procedures are effective.

Since completion of the financing and hiring of additional staff the Company is in the process of developing more stringent governance practices consistent with TSX Venture Exchange guidelines. In consultation with the Company's Auditors, Douguay & Ringler Corporate Services ("D&R") were contracted to provide accounting services to the Company. The Company's CEO and CFO have worked with the Auditors and D&R to ensure adequate disclosure policies are in place. All staff are required to keep the CEO and CFO fully apprised of all material information affecting the Corporation, so that they may evaluate and discuss this information and determine the appropriateness and timing for public release. Access to such material information is facilitated by the modest size of the Company's senior management group, and the regular communications between them.

The relatively small size of the Company makes the identification and authorization process relatively efficient, and a process for reviewing internal controls over financial reporting has been developed. To the extent possible, given the Company's modest activity and use of professional outsourcing for part of the process, the internal control procedures provide for separation of duties for receiving, approving, coding and handling of invoices, entering transactions into the accounts, writing cheques and wire requests. The CEO and CFO believe that the system of internal controls is adequate and comparable to those of issuers of a similar size and nature.

The changes to the Company's internal control environment during the six months ended June 30, 2007 would serve only to improve the Company's internal controls over financial reporting.

Outlook

The rising prices with the metals market has dramatically increased the level of activity in the mining sector. The continued growth in demand for iron ore and the potential for higher iron ore prices in 2008 has created a significant demand for iron ore projects. This has generated several potential opportunities, both in terms of attracting new financing and/or strategic partnerships in helping move the Roche Bay Project forward. Having a strong management team with strength in iron ore development and exploration opens up other project opportunities for the Company as well. However, as always, there can be no assurance that the Company will be successful in attracting new financing or new opportunities.

Risks and Uncertainties

The prospects of the Company are currently being driven by a single iron ore project. This strategy has required, and continues to require, significant financings and is subject to risks associated with mineral prices, mineral resources and operations. There is no certainty that new projects will be acquired or that the Roche Bay Project will successfully advance. Due to the nature of the Company's business and the present stage of development of its mineral resource projects, readers should carefully review and consider the financial, environmental and operational risk factors affecting the Company.

Political and Economic Uncertainties of Operations

Changes in the laws and regulations within Canada (Provinces and Territories) and foreign countries can have a material adverse impact on the business of AEI in respect to such countries. AEI currently has one project located in northern Canada. The recently formed Territorial Government of Nunavut, while indicating a strong support for the Roche Bay Project, has not yet permitted a mining operation. As the Company examines other opportunities within Canada and abroad, foreign currency exchange controls, expropriation of assets and profits, foreign ownership controls, and changes in taxation laws could negatively affect AEI and its business.

Competition

The business of the Company is intensely competitive. The Company competes with other mining companies, many of which have greater resources and experience. Competition in the mining industry is primarily for mineral properties that can be economically developed: the technical expertise to find, develop, and operate such properties, the labour to operate the properties, and the capital for the purpose of funding such properties. The Company's key asset is the Roche Bay Project. Many competitors both explore for and mine iron ore on a worldwide basis. Such competition may result in

the Company being unable to acquire additional properties, to recruit or retain qualified employees, or to acquire the capital necessary to fund its operations and develop its properties. The inability of the Company to compete with other mining companies for these resources would have a material adverse effect on the results of operations and business of the Company.

Dependence on Management

The success of the operations and activities of the Company are dependent to a significant extent on the efforts and abilities of the management of the Company. Investors must be willing to rely to a significant extent on the discretion and judgment of the management of the Company. The Company does not maintain key employee insurance on any of its employees.

Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other natural resource companies or companies providing services to the Company, or they may have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for the participation in larger programs, permitting involvement in a greater number of programs, and reducing financial exposure in respect of any one program. It may also occur, that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

In accordance with the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interest of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Mr Daniel Botes, a director of the Company, also serves as a director of Roche Bay. The Company, as the operator of the Roche Bay Project, has full control and decisions with respect to its project activities. Certain agreements have the potential to require the approval of Roche Bay and when and if such circumstances arise, steps are taken in accordance with best corporate practices to mitigate the risk for conflict to occur. The

Company is cognizant of the risks related to Mr Botes role with Roche Bay and is of the opinion that the role enhances the relationship thus reducing the potential for business conflicts between the companies.