Red Hill Energy Inc.

(An Exploration Stage Company)
#2080 – 777 Hornby Street, Vancouver, B.C., V6Z 1S4
Tel: 604-683-7361 Fax: 604-662-3231

Management Discussion and Analysis
For the period ended December 31, 2008

Red Hill Energy Inc.
Period Ended December 31, 2008
Management Discussion and Analysis

The following discussion and analysis, prepared as of April 8, 2009, should be read together with the audited consolidated financial statements for the period ended December 31, 2008 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the annual audited financial statements for the years ended December 31, 2007 and 2006, and the Management Discussion and Analysis for those years.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

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

Description of Business

At the Annual General Meeting held May 26, 2006, the shareholders of UGL approved a name change to Red Hill Energy Inc. Red Hill Energy Inc. (formerly UGL Enterprises Ltd.) is a mineral resource exploration and development stage public company. The principal business activity of the Company is the acquisition, exploration and development of mineral properties. Since June 1, 2003, the Company has been focusing on the acquisition, exploration and development of properties located in Mongolia. The Company is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol "RH". The Company has a business relationship with Mine Info Ltd., a leading Mongolian Exploration company, and has a full time office in the capital city, Ulaan Baatar. All Red Hill work programs are supervised by Mr. Glenn Griesbach, P.Geo., Mel Klohn, L.P.Geo Director and, Mr. Garry Clark, P.Geo Director all of whom periodically act as Red Hill's Qualified Persons for work in Mongolia as well as assisting and advising with all operations. Mongolian logistical support is provided by Mine Info Ltd., a leading Mongolian consulting and exploration group based in Mongolia's capital Ulaan Baatar.

Red Hill Energy Inc.
Period Ended December 31, 2008
Management Discussion and Analysis

Selected Annual Information

Year Ended December 31	2008	2007	2006
Total Revenues (including interest)	$26,761	$225,477	$372,284
Loss before discontinued operations and extraordinary items	2,399,918	3,297,695	1,478,971
Loss per share before discontinued and extraordinary items	0.05	0.08	0.05
Net Loss	2,399,918	3,297,695	1,478,971
Loss per share	0.05	0.08	0.05
Total Assets	16,617,873	16,143,319	9,058,048
Cash dividends declared per share	$0.00	$0.00	$0.00

Summary of Quarterly Results

Quarter Ended	2008				2007			
	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Total Revenues *	10,554	$10,732	$295	$5,180	$(67,349)	$151,923	$111,589	$29,314
Net Loss	193,246	1,414,175	398,475	394,022	1,186,131	679,726	1,154,582	277,256
Loss per share	.01	0.02	0.01	0.01	0.03	0.01	0.03	0.01

* Revenues presented above include interest net of bank charges. The quarterly financial statements do not present interest income net of bank charges. Hence, the revenues presented above will not agree to the quarterly financial statements. Starting in 2009, financial statement presentation for interest income will be changed to agree with the year end presentation.

Performance Summary for the three months ended December 31, 2008

The Company has earned interest revenue from cash and investments held in banks.

The Company's accounting policy is to record its mineral properties at cost. Exploration and development expenditures relating to mineral properties are deferred until either the properties are brought into production, at which time they are amortized on a unit of production basis, or until the properties are sold or abandoned, at which time the deferred costs are written off.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates funds will be invested to finance the growth of its business.

The Company realized a loss for the three month period ended December 31, 2008, of $193,246 as compared to $1,186,131 in 2007. The Company realized a loss per share of $0.01 as compared to a loss per share of $0.03 in 2007.

Using the Black-Scholes options pricing model, the calculated stock-based compensation expense was $(29,975) for the three month period ended as compared to $535,325 in 2007. The reduction in stock-based compensation expense for the three month period is the result of a change in the assumptions used in the Black-Scholes options pricing model, used to calculate the amount.

Consulting expenses for the period were $86,143 as compared to $337,054 in 2007. Consulting expenses consist of amounts paid to Geology Consultants for matters not directly applicable to any particular project, and amounts paid for the services of the Managing Director of Operations and CFO, Ranjeet Sundher. The decrease is mainly due to the decrease in stock-based compensation expense during the period.

Professional fees for the period were $58,267 as compared to $42,753 in 2007. The professional fees consist of auditing, legal and accounting services.

Advertising and promotion expenses for the period were $30,086 as compared to $170,371 in 2007. Advertising and promotion expenses include $Nil in stock-based compensation as compared to $61,840 in 2007 for the three month period.
The Company has entered into an investor relations services contract with the Richmond Club Corp. The Richmond Club was paid a monthly fee of $1,450 and was granted 45,000 stock options, vesting 25% every three months exercisable at $0.78 per share, expiring January 29, 2010.

The Company has entered into an investor relations services contract with the Mau Capital Management. Mau Capital was paid a monthly fee of $2,500 and was granted 50,000 stock options, vesting 25% every three months exercisable at $1.20 per share, expiring July 12, 2012. The Company renewed the contract with Mau Capital for a 12 month period. The Company granted another option to Mau Capital to purchase 50,000 common shares of the Company at $0.95 per share vesting 25% every three months, expiring December 24, 2010.

Other advertising and promotion expenses consist of the attending various industry trade shows and events and updating the Company web site. The Company also sponsors a children’s charity in Mongolia.

Foreign exchange loss (gain) for the period was $(1,221) as compared to $197,888 in 2007.

Office and administration expenses for the period were $42,830 as compared to $111,937 in 2007. The office administration expenses include rent and telephone expenses.

Travel expenses for the period were $40,143 as compared to $83,694 in 2007. Travel expenses include flights, accommodation, and auto expenses. The decrease is due to decreased travel by management during the period. Travel expense will fluctuate each quarter depending on the travel activity of management and staff.

Salary and benefits expenses for the period were $59,062 as compared to $89,200 in 2007. The Company has one Director on salary and an employee to assist with public relations and promotion. The Company also employs a number of resident Mongolians to assist with administration, geology, and translation.

Performance Summary for the year ended December 31, 2008

The Company realized a loss for the year ended December 31, 2008, of $2,399,918 as compared to $3,297,695 in 2007. The Company realized a loss per share of $0.05 as compared to a loss per share of $0.08 in 2007.

Using the Black-Scholes options pricing model, the calculated stock-based compensation expense was $403,380 for the period ended as compared to $1,181,050 in 2007.

Consulting expenses for the period were $362,471 as compared to $667,654 in 2007. Consulting expenses consist of amounts paid to Geology Consultants for matters not directly applicable to any particular project, and amounts paid for the services of the Managing Director of Operations and CFO, Ranjeet Sundher. The decrease is mainly due to the decrease in stock-based compensation expense during the period. Consulting fees includes stock-based compensation expense of $54,868 compared to $469,955 in 2007.

Professional fees for the period were $92,843 as compared to $98,174 in 2007. The professional fees consist of auditing, legal and accounting services.

Stock exchange and shareholder services expenses for the period were $46,455 as compared to $35,566 in 2007.

Advertising and promotion expenses for the period were $207,285 as compared to $480,184 in 2007. Advertising and promotion expenses include $48,354 in stock-based compensation as compared to $160,065 in 2007.
The Company has entered into an investor relations services contract with the Richmond Club Corp. The Richmond Club was paid a monthly fee of $1,450 and was granted 45,000 stock options, vesting 25% every three months exercisable at $0.78 per share, expiring January 29, 2010.
The Company has entered into an investor relations services contract with the Mau Capital Management. Mau Capital was paid a monthly fee of $2,500 and was granted 50,000 stock options, vesting 25% every three months exercisable at $1.20 per share,

expiring July 12, 2012. The Company renewed the contract with Mau Capital for a 12 month period. The Company granted another option to Mau Capital to purchase 50,000 common shares of the Company at $0.95 per share vesting 25% every three months, expiring December 24, 2010.

Other advertising and promotion expenses consist of the attending various industry trade shows and events and updating the Company web site. The Company also sponsors a children's charity in Mongolia.

Foreign exchange loss for the period was $7,712 as compared to $835,562 in 2007. The large loss in 2007 was due to a large loss realized on US dollars during the year. The Company was required to make a large payment in US dollars on the acquisition of its Ulan Ovoo project.

Office and administration expenses for the period were $153,187 as compared to $254,375 in 2007. The office administration expenses include rent and telephone expenses.

Travel expenses for the period were $263,901 as compared to $243,584 in 2007. Travel expenses include flights, accommodation, and auto expenses.

Salary and benefits expenses for the period were $242,071 as compared to $260,448 in 2007. Salary and benefits expenses include $45,185 in stock-based compensation as compared to $105,950 in 2007. The Company has one Director on salary and an employee to assist with public relations and promotion. The Company also employs a number of resident Mongolians to assist with administration, geology, and translation.

Mineral Properties
Copper/Gold Projects:

<u>Gold Ram</u>
The Gold Ram project (15,533 hectares) is located in the western Gobi region of Mongolia, 190 km's S/W of the south Gobi's capital city, Dalanzadgad. During the period ended December 31, 2008, the Company wrote-off its investment in the Gold Ram project.

<u>Khondloy</u>
The Company acquired a 100% interest in the Khondloy Property consisting of 3 contiguous licenses covering 22,360 hectares located in Bayanhonger Province, Mongolia. During the period ended December 31, 2008, the Company sold its investment in the Khondloy project for US$40,000.

Naranbulag

The Company purchased a 100% interest in the Naranbulag Property covering 1,428 hectares located in Zavkhan Province, about 700km west of Mongolia's capital Ulaan Bataar. The Company agreed to purchase the license from the vendor for US$26,000 and CDN$152,000 payable through the issuance of 200,000 shares at a deemed price of $0.76 per share. During the period ended December 31, 2008, the Company wrote-off its investment in the Naranbulag project.

Argalant

On October 6, 2005, the Company entered into a letter of intent with Planet Exploration Ltd. ("Planet") which gave Red Hill an option to earn a 60% interest, and a second option to earn an additional 20% interest, in Planet's 100% owned Argalant property.

Under the terms of the agreement Red Hill paid US$100,000 and was to incur an aggregate of US$1,500,000 of exploration expenditures on Argalant within three years. Red Hill had the option to complete the expenditures within a shorter time period if desired.

Within a six month period of completing the US$1,500,000 in expenditures Red Hill was entitled to at its discretion pay Planet US$1,000,000 for an additional 20% interest in the property. If Red Hill did not exercise its second option the two companies would then proceed forward on a 60/40% basis. If Red Hill did exercise its second option the two companies would proceed forward on an 80/20% basis.

During the period ended December 31, 2008, the Company wrote-off its investment in the Argalant project. The option agreement expired on October 6, 2008.

Banbury

The Company owns a 100% undivided interest in six patented mineral claims near Hedley, B.C. described as the Banbury Property. The interest is recorded at a nominal value of $1.

On October 30, 2008, the Company granted an exclusive option to 0838331 B.C. Ltd. for a three year period ending on October 31, 2011 to acquire an undivided 60% participating interest in the Company's 100% own Banbury Gold Property. The purchase option requires the Optionee to make cash payments and incur expenditures on the Property as follows:

(a) on or before October 31, 2009, expending $50,000 on an analysis and compilation of data and preparation of a summary report on the Property; and

(b) on or before October 31, 2010, paying $100,000 to the Optionor and expending $750,000 on exploration and development work on the Property; and

(c) on or before October 31, 2011, paying $150,000 to the Optionor and expending $1,000,000 on exploration and development work on the Property.

Coal Projects:

Ulan Ovoo
On November 15, 2005, the Company entered into a letter of intent with Ochir LLC that sets out the terms to acquire a 100% interest in the property known as Ulan Ovoo coal project. The Ulan Ovoo property is located in Selenge province, Mongolia. It was held by the vendor under a transferable, 55 year mining licence with a 45 year option for extension granted by the Government of Mongolia. The purchase price for the 100% interest, together with all equipment, buildings and other facilities, assembled and constructed at the property was US$9,600,000.

A finder's fee of 75,000 common shares was paid to a third party by the Company in respect of the Ulan Ovoo purchase.

As at December 31, 2007, the Company had made payments totalling US$9,600,000. On October 30, 2007, the Company made the final payment of US$5,600,000 completing the acquisition.

Chandgana Tal Project
On March 29, 2006, the Company entered into a letter agreement with Coal Khentiy Ltd. that set out the terms to acquire a 100% interest in the property known as Chandgana Tal. The Chandgana Tal property, consisting of two licenses, is located in the northeast part of the Nyalga coal basin, approximately 290 km east of Ulan Bataar. Under the terms of the agreement, the Company paid a total of US$400,000, plus 250,000 common shares. A finder's fee of 50,000 common shares was paid to a third party.

The purchase price was paid as follows:
Within 3 days of the date that the agreement was accepted and approved by the TSX Venture Exchange, the issuance of 250,000 common shares.
US$50,000 within 21 days of signing the letter agreement;
US$75,000 on or before July 1, 2006;
US$275,000 on or before October 1, 2006.
As at December 31, 2006, the Company had made payments totalling US$400,000 and 250,000 shares were issued to the Vendor.

Chandgana Khavtgai

On August 7, 2007, the Company entered into a letter agreement that set out the terms to acquire a 100% interest in the property known as Chandgana Khavtgai. The Chandgana Khavtgai property consists of one license, and is located in the northwest part of the Nyalga coal basin, approximately 290 km east of Ulaan Bataar, 9 km southwest of the Chandgana Tal coal project. Under the terms of the agreement, the Company paid a total of US$570,000. The purchase price was paid as follows:

US$280,000 within 7 days of signing the letter agreement.

US$290,000 on or before the date which is 90 days from the date of signing the letter agreement.

During the period ended December 31, 2007, payments totalling US$570,000 were made.

Uranium Projects:

Mongolia Uranium Option Agreement

On June 14, 2005, the Company entered into a Letter Agreement with Maple Minerals Corp. (now known as Mega Uranium Ltd. "Mega") for uranium exploration and target generation in Mongolia. The agreement covered the Company's current uranium ground holdings in Mongolia, which were then comprised of 18 granted exploration licenses and an option to earn 100% of two exploration licenses in the Nergui Project. In addition, Mega and Red Hill will cooperate during the term of the agreement in the generation and acquisition of other uranium exploration targets in Mongolia. Red Hill's coal/gold/copper property holdings are not included in this agreement.

Upon completion of the due diligence review by Mega, a definitive formal option agreement was executed. The formal option agreement grants Mega the exclusive option to earn a 50% interest in Red Hill's uranium properties through the expenditure of US$1.5 million over three years, with a minimum of US$350,000 expended within the first year. As per the agreement, Mega issued Red Hill 50,000 common shares in its capital within 3 business days of the date that the executed formal agreement was accepted and approved by the TSX Venture Exchange. In addition, Mega was required to issue to Red Hill the equivalent of CDN$75,000 in its common share capital (determined using the ten day average closing price) within 10 business days of the later of the date upon which Red Hill issues 250,000 common shares for the acquisition of its interest in the Nergui property, and the date that the executed formal agreement is accepted and approved by the TSX Venture Exchange. During the year ended December 31, 2005, the Company decided not to complete the acquisition and wrote-off its investment in the Nergui Property, and the shares were not issued.

Upon Mega earning a 50% interest, a joint venture was formed with the parties contributing pro-rata. Mega also had the option to increase its interest to 60% by expending a further US$2 million over the subsequent three years.

Red Hill Energy Inc.
Period Ended December 31, 2008
Management Discussion and Analysis

During the period ended December 31, 2007, Mega completed the expenditure of US$1.5 million and earned a 50% interest in all the Uranium projects. Mega declined to exercise its option to increase its interest to 60% by expending a further US$2 million. A joint venture has been formed with the parties contributing 50-50 funding pro-rata going forward.

Subsequent to the year end, on March 4, 2008, a new Joint Venture LLC was incorporated in Mongolia, named Redhill Mega Uranium LLC. The new LLC is owned 50% by Red Hill Energy Inc. and 50% by Mega Uranium Ltd. All of the Uranium licences held by Red Hill in Mongolia have been transferred into the new LLC.

For the Current Fiscal Year to Date

(a) Schedule of increases in deferred costs:

Name	Opening Balance	Increase (Decrease)	Write-off	Ending Balance
Banbury	$1	$0	$0	$1
Gold Ram	50,071	216	(50,287)	0
Khondloy	149,822	(40,285)	(109,537)	0
Naranbulag	210,968	201	(211,169)	0
Chandgana Tal	1,270,919	8,418	0	1,279,337
Chandgana Khavtgai	1,055,317	89,513	0	1,144,830
Argalant	325,891	3,264	(329,155)	0
Ulan Ovoo	11,956,736	662,392	0	12,619,128
Uranium Joint Venture	13,650	69,396	(8,202)	74,844
Total	$15,033,375	$793,115	$(708,350)	$15,118,140

(b) Schedule of exploration and development expenses:
Acquisition costs:

	Acquisition costs, beginning	Incurred (recovered) during period	Properties written-off	Acquisition, end of period
Banbury	$1	$0	$0	$1
Gold Ram	$11,857	0	(11,857)	$0
Khondloy	$33,402	(40,744)	7,342	$0
Naranbulag	$186,396	0	(186,396)	$0
Chandgana Tal	$814,334	0	0	$814,334
Chandgana Khavtgai	589,053	0	0	$589,053
Argalant	$119,485	0	(119,485)	$0
Ulan Ovoo	$10,537,737	0	0	$10,537,737
Uranium Properties/JV	$(86,253)	0	(1,065)	$(87,318)
Total	$12,206,012	$(40,744)	$(311,461)	$11,853,807

(b) Exploration expenses:

	Gold Ram	Khondloy	Naranbulag	Chandgana Tal	Chandgana Khavtgai	Argalant	Ulan Ovoo	Uranium Properties/JV	Total
Exploration, Beginning of period	$38,214	$116,420	$24,572	$456,585	$466,264	$206,406	$1,418,999	$99,903	$2,827,363
Licences and tax	216	459	201	8,181	14,856	3,264	69,616	33,651	130,444
Transport, Shipping, Other				237	3,029		28,325		31,591
Camping					18,797		40,139		58,936
Geological Consulting					33,658		437,728		471,386
Other Field Work					19,173		86,584	35,745	141,502
Exploration expenses written off	(38,430)	(116,879)	(24,773)			(209,670)		(7,137)	(396,889)
Exploration, End of period	$0	$0	$0	$465,003	$555,777	$0	$2,081,391	$162,162	$3,264,333

Exploration Results

All Red Hill work programs are supervised by Mr. Glenn Griesbach, P.Geo., Mel Klohn, L.P.Geo Director and, Mr. Garry Clark, P.Geo Director all of whom periodically act as Red Hill's Qualified Persons for work in Mongolia as well as assisting and advising with all operations. Mongolian logistical support is provided by MineInfo, a leading Mongolian consulting and exploration group based in Mongolia's capital Ulanbaatar.

Copper/Gold Projects:

No exploration activity took place during the period ended December 31, 2008 on any of the copper/gold projects. During the period ended December 31, 2008, the investments in the copper/gold projects were written-off.

Uranium Projects:

During the year ended December 31, 2007, Mega completed the earn-in requirement of expending US$1.5 million on uranium exploration in Mongolia. Mega has earned a 50% interest in all of Red Hill's uranium claims. Mega has declined to exercise its option to expend an additional US$2 million over three years to earn a 60% interest. A joint venture has been formed and all future uranium exploration will be funded on a 50-50 pro-rata basis. Red Hill's net interest in the joint venture as at December 31, 2007, was $13,650. Red Hill's net interest in the joint venture as at December 31, 2008, was $74,844. A new Joint Venture LLC was incorporated in Mongolia on March 4, 2008 for the purposes of this joint venture named Redhill Mega Uranium LLC. All the uranium licenses have been transferred to the new Joint Venture LLC as at December 31, 2008.

Exploration activity consisted of geology field work during the period ended December 31, 2008, on the uranium projects. During the period ended December 31, 2008, after careful review, management decided not to proceed further with the Naidal property and the Emeelt property and wrote off its investment in these projects.

Coal Projects:

<u>Ulan Ovoo Property</u>

The Company is preparing an exploration plan and budget for the summer exploration season. The Company has initiated an independent Pre-Feasibility Study for the Ulan Ovoo project. The Company has engaged Minarco-MineConsult (MMC), based in Sydney, Australia, to prepare a comprehensive pre-feasibility study on the Ulan Ovoo project.

The pre-feasibility study will substantially enhance data generated during a prior scoping study prepared by Behre Dolbear Inc. (USA) and several detailed transportation and economic studies prepared earlier this year by a Mongolian university. It will significantly extend these earlier studies by examining in detail the following key items:

- Geology and Reserves
- Market Analysis
- Mining Engineering
- Transportation and Infrastructure
- Hydrology
- Economic Analysis
- Environment
- Labour and Community Relations

The study will prepare detailed mine plans for each year of operation and will expedite production plans at Ulan Ovoo. The study will be in compliance with NI 43-101 requirements and is anticipated to be final before Q2-09.

There are five known structural basins in the vicinity of the Ulan Ovoo coal property covered by five exploration licenses 100% controlled by Red Hill, three of which are considered highly prospective for further discoveries of economic coal. The life of the future Ulan Ovoo coal operation could be greatly increased beyond the currently anticipated 34-40 year mine life should any of these surrounding basins be proven to contain significant coal accumulations.

<u>Chandgana Tal Project</u>
No exploration activity took place during the period ended December 31, 2008 on this project. The project property licenses have been maintained.

The Company plans to commission a detailed Transportation and Economic Assessment Study for this project.

<u>Chandgana Khavtgai Project</u>
Exploration activity consisted of a geophysical survey during the period ended December 31, 2008 on this project. The project property licenses have been maintained.

The Company plans to commission a detailed Transportation and Economic Assessment Study for this project.

On September 6, 2007, the Company announced that it had entered into an agreement to purchase a 100% interest in, and had already commenced significant exploratory drilling operations on, the 37,000 hectare Chandgana Khavtgai coal exploration property located in the Nyalga Coal Basin in southeast central Mongolia. Red Hill Geologists believed

Chandgana Khavtgai might contain a significantly sized extension to the Nyalga Coal Basin.

The Chandgana Khavtgai property is located 9 km southwest of Red Hill's Chandgana Tal coal project. Both Chandgana Khavtgai and Chandgana Tal are contiguous to Tethys Mining's Nyalga Coal Basin property, 100% owned Mongolian subsidiary of international mining conglomerate CVRD (Companhia Vale do Rio Doce) of Brazil. CVRD is actively exploring their Nyalga coal licences.

Field exploration on Chandgana Khavtgai identified several thick coal outcrop zones that appeared to indicate the continuation of the same 30-50 metre coal seam observed at Red Hill's Chandgana Tal property. The coal outcrop extends at least 4 km onto the new license area. Red Hill geologists believed that this license had the potential to significantly increase Red Hill's coal resource in this area.

A month long, 7 hole, 1,200 m drilling program was completed on Chandgana Khavtgai in August and September 2007. These 7 holes were widely spaced in order to test the quality and full extent of the coal deposit. In addition, surface trenches were dug to fully define the coal outcrop zone.

On October 25, 2007, the Company announced that it had made a new coal discovery on the Chandgana Khavtgai property. The recently completed drill program has defined a 678.4 million tonne coal resource, with 188.7 million tonnes measured and 489.7 million tonnes indicated. Additionally, another 439.6 million tonnes of inferred coal resource has been outlined.

An independent NI 43-101 Technical Report was prepared on the new Chandgana Khavtgai resource and was filed on Sedar.com as required by the TSX. The resources defined in the 43-101 report are in-line with those reported on October 25, 2007.

The 7 hole drill program (1,237 metres) on the property recovered 160 total metres of coal core from 5 holes. Nearly all of the coal is contained within a single 25-60 metre thick coal seam from surface covering an area of approximately 1,800 hectares. The seam doubles in thickness with depth, maintaining an average stripping ratio of approximately 2.1:1.

The Chandgana coal deposits are amenable to low cost surface mining operations. In both Chandgana projects, the coal is outcropping, offering easy access to the seams. The Nyalga Coal Basin, which hosts the deposits, is linked by road to Mongolia's capital Ulaan Baatar (300 km to the west) and to the Mongolian Railroad (160 km to the west), providing direct rail access to China to the south and Russia to the north.
Red Hill coal discoveries to date are as follows:

PROJECT/ BASIN	MEASURED	INDICATED	MEASURED & INDICATED	INFERRED
ULAN OVOO / (NORTHERN BASIN)	174.5	34.3	208.8 million	35.9
CHANDGANA TAL (NYALGA BASIN)	141.3	(none)	141.3 million	(none)
CHANDGANA KHAVTGAI (NYALGA BASIN)	188.7 million	489.7 million	678.4 million	440 million
TOTAL	504.5	524.0	**1,028.5 Million**	**475.9 Million**

Red Hill's coal quality is demonstrated as follows:

PROJECT	ASH (%)	SULFUR (%)	BTU/lb	Kcal/kg	STRIPPING RATIO (Avg)	SEAM THICKNESS (Avg)
ULAAN OVOO (as received)	11.6	0.37	9,367	5,204	2.0:1 (1st 140 million tonnes)	53.9 metres
CHANDGANA TAL (air-dried)	12.49	0.68	7,628	4,238	0.53:1	40 metres
CHANDGANA KHAVTGAI (air-dried)	10.3	0.50	7,800	4,400	1.9:1	38.0 metres

Related party transactions

The Company paid accounting fees of $12,000, rent of $34,550, and management fees of $42,000 to a company controlled by the G. Arnold Armstrong, Director and Chairman of the Company.

The Company has paid legal fees of $28,122 to a law firm in which G. Arnold Armstrong, Director and Paul Simpson, an officer, are principals.

The Company paid consulting fees of $31,089 (2007 - $0) to a company controlled by an officer.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of recoverable value on its mineral properties as well as the value of stock-based compensation. Both of these estimates involve considerable judgment and are, or could be, affected by significant factors that are beyond the Company's control.

Mineral properties
The Company's recorded value of its mineral properties is in all cases on historical costs that expect to be recovered in the future. The Company's recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, operating risk, ownership risk, ownership and political risk, funding and currency risk, as well as environmental risk.

Stock-based compensation
The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend, among other things, upon a variety of factors including the market value of the Company's shares and financial objectives of the holders of the options. The Company has used historical data to determine volatility in accordance with Black-Scholes modeling, however the future volatility is inherently uncertain and the model has its limitations. While these estimates can have a material impact on the stock-based compensation and hence results of operations, there is no impact on the Company's financial condition.

Changes in Accounting Policy

During the year ended December 31, 2008, the Company adopted the following new accounting policies:

a) Capital disclosures and financial instruments – disclosures and presentation
On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Corporation on January 1, 2008.

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

b) Amendments to Section 1400 – General Standards of Financial Statement Presentation

In June 2007, the CICA amended Handbook Section 1400, Going Concern, to include additional requirements to assess and disclose an entity's ability to continue as a going concern. Section 1400 is effective for interim and annual reporting periods beginning on or after January 1, 2008. The adoption of this standard had no impact on the Corporation's operating results or financial position.

c) Future accounting changes

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

Goodwill and Intangible Assets

In November 2007, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009, with earlier adoption encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of these new accounting standards on its financial statements.

IFRS Changeover Plan: Assessment as of December 31, 2008

The Company is currently assessing the impact of IFRS on its financial statements and is in the process of designing a changeover plan. The key elements of the plan will address the impact of IFRS on:

- accounting policies, including choices among policies permitted under IFRS, and implementation decisions such as whether certain changes will be applied on a retrospective or a prospective basis,
- information technology and data systems,
- internal control over financial reporting,
- disclosure controls and procedures, including investor relations and external communications plans,
- financial reporting expertise, including training requirements, and
- business activities, such as foreign currency, as well as matters that may be influenced by GAAP measures.

The Company has begun the process of training and educating key staff members on IFRS and the changeover plan. The Company is considering engaging the services of professional IFRS consultants to assist with the changeover to IFRS. The Company is beginning the process of identifying differences in Canadian GAAP/IFRS 1. IFRS 1 requires an explanation of the effect of the transition from old Canadian GAAP to IFRS when the first financial statements are issued.

Commitment

The Company has renewed an investor relations services contract with the Richmond Club Corp effective December 2007 for eighteen months. The Richmond Club will receive a monthly fee of $1,450.

The Company renewed an investor relations services contract with Mau Capital for a 12 month period. Mau Capital will receive a fee of $2,500 per month.

Other MD&A Requirements

(a) Summary of Securities Issued During the Period:
4,050,028 common shares issued.

During the period the following warrants were exercised:
None.

During the period the following options were exercised:
None.

(b) Summary of Options Granted During the Period:
550,000 exercisable at $0.88 per share expiring July 22, 2013

As at the End of the Period

(a) Share Capital:
   i. Authorized: Unlimited Common Shares without par value.
   ii. Issued and outstanding: 51,509,874 Common Shares.

(b) Summary of Options, Warrants and Convertible Securities:

Options – 600,000 exercisable at $0.50 per share expiring June 10, 2009.
Options – 300,000 exercisable at $0.60 per share expiring on March 1, 2010.
Options – 125,000 exercisable at $0.35 per share expiring on March 1, 2010.
Options – 575,000 exercisable at $0.45 per share expiring on January 31, 2011.
Options – 50,000 exercisable at $1.20 per share expiring on March 15, 2011.
Options – 130,000 exercisable at $1.10 per share expiring on April 3, 2011.
Options – 45,000 exercisable at $0.78 per share expiring on January 29, 2010.
Options – 725,000 exercisable at $0.92 per share expiring on April 5, 2012.
Options – 50,000 exercisable at $1.20 per share expiring on July 12, 2012.
Options – 520,000 exercisable at $1.18 per share expiring on October 30, 2012
Options – 50,000 exercisable at $0.95 per share expiring on December 24, 2010
Options – 550,000 exercisable at $0.88 per share expiring July 22, 2013

Warrants:

3,750,000 whole warrants $1.25 per share until April 3, 2009.
1,215,000 whole warrants $1.25 per share until May 31, 2009.
2,025,000 whole warrants $0.90 per share until July 4, 2010

(c) List of Directors and Officers:

G. Arnold Armstrong,	Director, Chairman & CEO, Vancouver, B.C.
Ranjeet Sundher,	Director, President, & CFO, Singapore
Carol Brownie,	Director and Secretary, Vancouver, B.C.
Lloyd S. Bray,	Director, West Vancouver, B.C.
J. Garry Clark,	Director, Thunder Bay, Ontario
Paul McKenzie,	Director, Vancouver, B.C.
Mel Klohn,	Director, Spokane Valley, Washington, USA

Liquidity and Capital Resources

The Company ended the period with $1,389,333 (2007 - $993,474) cash and working capital of $1,329,294 (2007 - $799,736).

Net cash used in operating activities for the period was $1,267,549 as compared to net cash used of $1,872,973 during the period ended 2007.

Net cash used for investing activities for the current period was $934,718 as compared to net cash used of $7,960,600 during the period ended 2007.

Net cash provided from financing activities for the current period was $2,586,037 as compared to net cash provided of $9,033,671 during the period ended 2007.

Off-Balance Sheet Arrangements

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

Financial Instruments

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

Subsequent Events

On January 23, 2009, the Company cancelled its stock option contracts with Directors, employees and consultants as folows:

Expiring June 9, 2010 for 600,000 shares at and exercise price of $0.50,
Expiring March 1, 2010 for 425,000 shares at and exercise price of $0.60,
Expiring January 31, 2011 for 575,000 shares at and exercise price of $0.45,
Expiring March 15, 2011 for 50,000 shares at and exercise price of $1.20,
Expiring April 3, 2001 for 130,000 shares at and exercise price of $1.10,
Expiring April 5, 2012 for 725,000 shares at and exercise price of $0.92,
Expiring July 12, 2012 for 50,000 shares at and exercise price of $1.20,
Expiring October 30, 2012 for 520,000 shares at and exercise price of $1.18,
Expiring December 24, 2010 for 50,000 shares at and exercise price of $0.95,
Expiring July 22, 2013 for 550,000 shares at and exercise price of $0.88.

The Company granted 3,960,000 new stock options to Directors, employees and consultants with an exercise price of $0.37 per share expiring January 23, 2014.

On February 3, 2009, the Company granted 100,000 stock options to a consultant with an exercise price of $0.36 per share expiring February 3, 2014.

On February 23, 2009, the Company extended the expiry date of 3,750,000 warrants expiring on April 3, 2009 and having and exercise price of $1.00 during the first year of the warrant term and $1.25 during the second year of the warrant term to April 3, 2010, with the exercise price of the warrant during the third year of the warrant term being $1.25.

On February 23, 2009, the Company extended the expiry date of 1,215,000 warrants expiring on May 31, 2009, and having an exercise price of $1.25 per share, to May 31, 2010.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The CEO and CFO have evaluated the effectiveness of the company's disclosure controls and procedures and assessed the design of the company's internal control over financial reporting as of December 31, 2008, pursuant to the requirements of Multilateral Instrument 52-109.

Management has concluded that, as of December 31, 2008, weaknesses existed.

A weakness existed in the design of internal control over financial reporting caused by the absence of a policy requiring documentation of the performance of critical control procedures. This weakness leads to uncertainty as to whether the control procedures are being carried out, such that material misstatements in the financial statements may fail to be prevented or detected. This weakness should also be considered a weakness in the company's disclosure controls and procedures.

A weakness existed in the design of internal control over financial reporting caused by a lack of adequate segregation of duties between (a) the authorization, recording, review and reconciliation of transactions, and (b) the recording of receipts and the reconciliation of bank accounts. This weakness has the potential to result in material misstatements in the company's financial statements, and should also be considered a weakness in its disclosure controls and procedures.

Management has concluded and the board has agreed that, taking into account the present stage of the company's development and the best interests of its shareholders, the company does not have sufficient size and scale to warrant the hiring of additional staff to correct this weakness at this time.

The Company has designed and implemented changes in the Company's internal control over financial reporting improving the documentation of the performance of critical control procedures and improving the segregation of duties to improve internal control.

No other material changes in the Company's internal control over financial reporting were identified by management during the most recent interim period.

Risk factors

The principal activity of the Company is mineral exploration which is inherently risky. There is intensive government legislation from state, provincial, federal, municipal and aboriginal governments, surrounding the exploration for and production of minerals from our and any mining operations. Exploration and development is also capital intensive and the Company currently has no source of income. Only the skills of its management and staff in mineral exploration and exploration financing serve to mitigate these risks, and therefore constitute one of the main assets of the Company.

The Corporation has its cash deposited with a large, federally insured, commercial bank which it believes to be creditworthy. Federal deposit insurance covers deposit balances up to $100,000. Therefore, the majority of the Company's cash on deposit exceeds federal deposit insurance available.

Title

Title to mineral properties, as well as the location of boundaries on the grounds may be disputed. Moreover, additional amounts may be required to be paid to surface right owners in connection with any mining development. At all of such properties where there are current or planned exploration activities, the Company believes that it has either contractual, statutory, or common law rights to make such use of the surface as is reasonably necessary in connection with those activities. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to its properties will not be challenged or impaired.

Successful challenges to the title of the Company's properties could impair the development of operations on those properties.

Political Risk

The Company's ability to conduct operations or exploration and development activities is subject to changes in legislation or government regulations or shifts in political attitudes beyond the Company's control.

Government policy may change to discourage foreign investment, nationalization of mining industries may occur or other government limitations, restrictions or requirements not currently foreseen may be implemented. There can be no assurance that the

Company's assets will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by any authority or body.

There is no assurance that provisions under Mongolian law for compensation and reimbursement of losses to investors under such circumstances would be effective to restore the value of the Company's original investment. Similarly, the Company's operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, environmental legislation, mine safety and annual fees to maintain mineral licenses in good standing. There can be no assurance that Mongolian laws protecting foreign investments will not be amended or abolished or that existing laws will be enforced or interpreted to provide adequate protection against any or all of the risks described above.

Permits and Licenses

Although the Company either currently holds or has applied for or is about to apply for all consents which it requires in order to carry out its current exploration and development programs, the Company cannot be certain that it will receive the necessary permits and licenses on acceptable terms or at all, in order to conduct further exploration and to develop its properties. The failure to obtain such permits, or delays in obtaining such permits could adversely affect the operations of the Company. Government approvals and permits are currently and may in the future be required in connection with the operations of the Company. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

Exploration and Development Efforts May Be Unsuccessful

There is no certainty that the expenditures to be made by the Company in the exploration and development of its properties as described herein will result in discoveries of mineralized material in commercial quantities. Most exploration and development projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery of ore reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of reserves, mineable deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Lack of Infrastructure

The Company has projects located in extremely remote areas which currently lack basic infrastructure, including sources of electric power, water, housing, food and transport, necessary to develop and operate a major mining project. While the Company has established the limited infrastructure necessary to conduct its exploration and development activities, substantially greater sources of power, water, physical plant and transport infrastructure in the area will need to be established before the Company can conduct mining operations. Lack of availability of the means and inputs necessary to establish such infrastructure may adversely affect mining feasibility. Establishing such infrastructure will, in any event, require significant financing, identification of adequate sources of raw materials and supplies and necessary approvals from national and regional governments, none of which can be assured.

Lack of Cash Flow

None of the Company's properties have advanced to the commercial production stage and the Company has no history of earnings or cash flow from operations. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years.

The Company has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. Historically, the only source of funds available to the Company is through the sale of its securities. Future additional equity financing would cause dilution to current shareholders.

No Proven Reserves

The properties in which the Company has an interest or right to earn an interest are in the exploratory stage only and are without a known body of ore in commercial production.

Uncertainty of Obtaining Additional Funding Requirements

Programs planned by the Company may necessitate additional funding, which could cause a dilution of the value of the investment of the shareholders of the Company. The recuperation value of mining properties indicated in the balance sheet depends on the discovery of mineralization that can be profitably exploited and on the Company's capacity to obtain additional funds in order to realize these programs.

The Company's exploration activities can therefore be interrupted at any moment if the Company is incapable of obtaining the necessary funds in order to continue any additional activities that are necessary and that are not described in the exploration programs outlined in the Company's geological report for its properties.

Mineral Prices May Not Support Corporate Profit

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of minerals is volatile over short periods of time, and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining techniques.

Competition

The mining industry is intensively competitive in all its phases. The Company competes with companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees.

Environmental Regulations

The current and future operations of the Company, including further exploration, development activities and commencement of production on its properties, require permits from various Mongolian governmental authorities.

Such operations are subject to various laws governing land use, the protection of the environment, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine safety and other matters. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations.

Uncertainty of Reserves and Mineralization Estimates

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurance can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metals and commodity prices have fluctuated widely in the past. Declines in the market price of coal, base or precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

Foreign Operations

The Company’s foreign activities are subject to the risk normally associated with conducting business in foreign countries, including exchange controls and currency fluctuations, limitations on repatriation of earnings, foreign taxation, laws or policies of particular countries, labour practices and disputes, and uncertain political and economic environments, as well as risk of war and civil disturbances, or other risk that could cause exploration or development difficulties or stoppages, restrict the movement of funds or result in the deprivation or loss of contract rights or the taking of property by nationalization or expropriation without fair compensation. Foreign operations could also be adversely impacted by laws and policies affecting foreign trade, investment and taxation. The Company currently has exploration projects located in the Mongolia and Canada.

Operating Hazards and Risks Associated with the Mining Industry

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions are involved.

Operations in which the Company has direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The Corporation may become subject to liability for cave-ins and other hazards for which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration activities.

Ability to Manage Growth

Should the Company be successful in its efforts to develop its mineral properties or to raise capital for other mining ventures it will experience significant growth in operations. If this occurs management anticipates that additional expansion will be required in order to continue development. Any expansion of the Company's business would place further demands on its management, operational capacity and financial resources. The failure to manage growth effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

Lack of a Dividend Policy

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of the Company's board of directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders

The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence on Key Personnel

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term.

As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries.

Conflict of Interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Lack of Trading Volume

The lack of trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

Outlook and Investor Relations

The Company continues to keep the shareholders advised as to the status of exploration and development on all its properties. For more information please visit the Company's website at www.redhillenergy.com.

The Company continues to be logged into the SEDAR electronic filing system for the purpose of reporting on a timely basis. SEDAR can be accessed via the Internet at www.sedar.com.

Forward Looking Statements

Certain statements contained in this Management Discussion and Analysis constitute "forward-looking statements". These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Information concerning the interpretation of drill results, mineral resource and reserve estimates and capital cost estimates may also be deemed as forward-looking statements as such information constitutes a prediction of what mineralization might be found to be present and how much capital will be required if and when a project is actually developed. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Management Discussion and Analysis should not be relied upon. These statements speak only as of the date of this Management Discussion and Analysis. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements contained in this Management Discussion and Analysis. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper, uranium, or other mineral commodities under exploration;
- the availability of financing for the Company's exploration and development projects on reasonable terms;
- the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the ability to attract and retain skilled staff;
- market competition;
- the accuracy of our resource estimate (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which it is based;
- tax benefits and tax rates.

These forward-looking statements involve risks and uncertainties relating to, among other things, risks related to international operations, actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, as well as those factors discussed in the section "Risk Factors". Factors that could cause actual results to differ materially include, but are not limited to, the risk factors discussed in the section. The Company cautions that the foregoing list of important factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.