Otis Gold Corp.

(formerly Otis Capital Corp.)
(an Exploration Stage Company)

Management Discussion and Analysis

For the nine months ended March 31, 2010

Background

This management discussion and analysis, ("MD&A"), prepared as at May 25, 2010, provides information that management believes is relevant to an assessment and understanding of the financial position of Otis Gold Corp. (the "Company" or "Otis") as at March 31, 2010. The MD&A should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2009 and the unaudited interim financial statements for the nine months ended March 31, 2010. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Except as otherwise disclosed, all dollar figures included therein and the following management discussion and analysis are stated in Canadian dollars. The audit Committee of the Board of Directors of the Company has reviewed this document pursuant to its mandate and charter.

Nature of Business

Otis Capital Corp. was incorporated under the *Business Corporations Act* (British Columbia) on April 24, 2007. The Company's common shares are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol OOO. On July 15, 2008, the Company acquired an option to acquire a 100% interest in the Blue Hill Creek Project located in Cassia County, Idaho (which is now known as the Oakley Project). The Company also acquired an option to earn up to a 75% interest in the Kilgore Gold Project, located in Clark County, Idaho, and the Hai and Gold Bug properties, located in Lemhi County, Idaho.

On January 14, 2009, the Company changed its name to Otis Gold Corp.

Forward Looking Statements

All statements made in this MD&A, other than statements of historical fact, are forward looking statements. The Company's actual results may differ significantly from those anticipated in the forward looking statements and readers are cautioned not to place undue reliance on these forward looking statements. Except as required by securities regulations, the Company undertakes no obligation to publicly release the results of any revisions to forward looking statements that may be made to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events.

Forward looking statements include, but are not limited to, statements with respect to the future price of gold, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such factors include, among others, risks related to the integration of acquisitions; 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; future prices of gold; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking 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.

Description of Business and Summary of Recent Activities

On July 15, 2008, the Company purchased an option to acquire a 100% interest in the Blue Hill Creek Project located in Cassia County, Idaho (now referred to as the Oakley Project). The Company also acquired an option to earn up to a 75% interest in the Kilgore Gold Project, located in Clark County, Idaho, and the Hai and Gold Bug properties, located in Lemhi County, Idaho. The Company is currently exploring for minerals on these properties and other properties that it may acquire.

Unproven Mineral Interests

Kilgore Gold Project

The Company entered into a joint venture on the Kilgore Gold Project located in Clark County, Idaho and the Hai and Gold Bug properties located in Lemhi County, Idaho. The Kilgore property is covered by 150 federal lode mining claims and the Hai and Gold Bug properties are covered by 16 federal lode mining claims. The Company can earn up to 75% joint venture interest in the Kilgore Gold Project and the Hai and Gold Bug properties.

Kilgore is a volcanic-hosted epithermal gold system situated on the northern margin of the eastern Snake River Plain. Mineralization is hosted within Miocene age lithic and crystal tuff on the margin of an ancient caldera setting. Mineralization is analogous to that characterizing the Round Mountain, Nevada and McDonald Meadows, Montana multi-million ounce volcanic-hosted disseminated gold deposits. Between 1983 and 1996, Placer Dome, Echo Bay and others drilled 37,260 meters in 190 holes outlining a 700,000 ounce bulk-minable resource. In 2008, Otis submitted a “20 site” Plan of Operation that was accepted by the Caribou-Targhee National Forest. The Company is currently working on a plan to outline a sizeable bulk mineable deposit area that can be mined by open pit methods.

The Company has paid US $100,000 and issued 500,000 common shares (recorded at their fair value of $200,000) and can earn an initial 50% as follows:

a) payment of US$ 100,000, issuance of 400,000 shares (recorded at their fair value of $148,000) and incurring US$ 250,000 in exploration expenditures in year one (status: completed);
b) issuance of 400,000 shares and incurring US$ 350,000 in exploration expenditures in year two;
c) issuance of 400,000 shares and incurring US$ 500,000 in exploration expenditures in year three;
d) issuance of 400,000 shares and incurring US$ 900,000 in exploration expenditures in year four; and
e) issuance of 400,000 shares and incurring US$ 1,000,000 in exploration expenditures in year five.

As of March 31, 2010, the Company has incurred US$ $1,879,323 on qualifying exploration expenditures.

The Company can increase its interest to 75% by issuing an additional 1,000,000 shares and by completing a pre-feasibility study on the Kilgore Gold Project. In the event the Company does not exercise its right to earn the additional 25% interest, the joint venture partner may elect to earn back a 10% interest, reducing the Company’s interest to 40%, by expending US$ 600,000 within the year following its election to exercise.

In March and April 2009, Otis released favourable drilling results from four core-holes drilled in November and December 2008. The four holes totalled approximately 630 metres of drilling at the Kilgore Gold Project. The results confirm the presence of high-grade gold values from potentially mineable thicknesses and intervals within a higher-grade core zone in the Kilgore Mine Ridge area. The results also provide details regarding the attitudes and structural controls of some of the quartz stockwork vein-type gold mineralization present.

In December 2009, the Company completed a further 12 core drill holes totalling approximately 3,100 metres of drilling in the Mine Ridge Area. In The majority of the holes contain mineralized thickness and average grades substantially greater than the majority of the intervals previously released. These new intervals could serve to increase the overall size and grade of the Kilgore bulk-tonnage deposit, further enhancing the deposit economics. Addtionally, a Controlled Source Audio-Frequency Magnetotellurics (“CSAMT”) geophysical survey was completed in November 2009 in the Dog Bone Ridge area (immediately to the southwest of the Mine Ridge area) which identified the presence of numerous sizable and geologically significant resistivity anomalies.

In 2010, the Company plans to drill a minimum of 7,000 metres using three drill rigs. Of this drilling, approximately 6,000 metres will be in the Mine Ridge area utilizing two core rigs, and a minimum of 1,000 metres is planned for certain priority Dog Bone Ridge targets utilizing a reverse circulation rig. The focus of the drilling will be on resource delineation at Mine Ridge and the testing of geophysical targets at Dog Bone Ridge.

Oakley Project. The project consists of 2 primary targets – the Blue Hill Creek property and the Cold Creek property.

a) Blue Hill Creek (or "BHC")

On June 11, 2008, the Company entered into an agreement in principal to acquire a 100% interest in the Blue Hill Creek Gold Project located in Cassia County, Idaho; the property consists of 33 unpatented federal lode mining claims and an adjacent 80 acre Idaho State lease.

The Blue Hill Creek precious metal system, containing 235,000 ounces of low-grade gold mineralization, is part of a larger, north-trending, 5-mile-long by 1-mile-wide belt of scattered gold anomalies along a north-trending, Basin-and-Range mountain block, which serves as the westernmost extension of the Albion metamorphic core complex. The geology of the property is dominated by the lower member of the Tertiary Salt Lake Formation where auriferous chalcedonic sinter, and thick section of mineralized epiclastic and tuffaceous volcanic rock host the precious metal mineralization. A recently completed Controlled-Source-Audio-Frequency Magnetotellurics ("CSAMT") geophysical survey indicated the presence of a sizable and geologically significant 1.5 kilometre-long low-resistivity anomaly. These feeders and adjacent to mineralized rock may constitute drill targets. A NI 43-101 qualifying report on the property has been filed with the Exchange.

The Company has paid a total of US$130,000 and has issued 3,000,000 common shares (at their estimated fair value of $1,020,000) to acquire an undivided 30% interest in BHC. To maintain its option the Company shall do the following:

a) issue 750,000 common shares (issued at their estimated fair value of $375,000) to acquire an aggregate 40% interest;
b) on or before July 15, 2010, pay US$ 60,000 and issue 750,000 common shares to acquire an aggregate 50% interest;
c) issue 750,000 common shares on or before January 15, 2011 to acquire an aggregate 60% interest;
d) on or before July 15, 2011, pay US$ 70,000 and issue 750,000 common shares to acquire an aggregate 70% interest;
e) on or before July 15, 2012, pay US$ 80,000 to acquire an aggregate 85% interest; and
f) on or before July 15, 2013, pay US$ 100,000 to acquire an aggregate 100% interest.

The BHC payments may be accelerated at any time at the option of the Company. In addition to the foregoing, the Company will be responsible for filing and paying all annual assessments and fees relating to BHC.

A 2.5% net smelter royalty ("NSR") will be paid to the vendors on production of gold from BHC. At any time, the Company may buy the NSR, or a portion thereof, for US$ 1,000,000 per percentage point (i.e. $ 2,500,000 for the entire NSR).

b) **Cold Creek**

The Cold Creek Gold Project, located in Cassia County, Idaho, comprises 53 unpatented federal lode mining claims located approximately 6 miles north of the Company's Blue Hill Creek Gold Project. Otis acquired the claims in exchange for payment of the costs associated with staking the property.

The Cold Creek precious metal system lies on the western margin of the Albion metamorphic core complex. Alteration and gold mineralization are hosted within a conglomeratic sandstone. The Cold Creek zone consists of a northwest-trending, fault bounded graben, filled by more than 450 feet of Tertiary sedimentary rocks which unconformably overlie Paleozoic sedimentary rocks. Pervasive silicification with locally strong stockwork chalcedonic quartz veins are the primary alteration types. Fine-grained pyrite is ubiquitous in the pervasively silicified and oxidized rock. Surface dimensions of these altered measure at least 1,000 feet x 3,000 feet. Surface gold values to 0.06 opt are present. A total 38 reverse circulation holes were completed by both Meridian and WestGold in the Cold Creek Area. A historically reported, open-ended 50,000 ounce gold resource exists which is in need of step-out drilling. Although considered relevant, the reader is cautioned that this resource estimate does not comply with the guidelines of National Instrument 43-101 and Otis is not treating it as such.

In January 2009, Otis announced the results of a recent CSAMT (Controlled-Source Audio-Frequency Magnetotellurics) geophysical survey that indicates the presence of a sizeable and geologically significant, 1.5 kilometer-long, low-resistivity anomaly underlying and extending downdip from the Company's Blue Hill Creek gold deposit and precious metals target area located in Cassia County, Idaho. Smaller, but geologically significant, CSAMT anomalies were also identified underlying and extending beyond Otis' Cold Creek gold deposit and target area, 4 miles north of the Blue Hill Creek target.

The survey was conducted using 50-meter-spaced electric-field receiver dipoles in order to identify low-resistivity structures that may have acted as feeders for the gold deposits at Blue Hill Creek and Cold Creek. The CSAMT survey was conducted by Zonge Geosciences Inc., Sparks, Nevada between October 9th and October 26th, 2008, and consisted of data acquisition from nine east-west oriented lines (16 line-km) using two transmitter dipoles concentrated over the Blue Hill Creek and Cold Creek portions of Otis' Oakley claim block.

The Company is in the process of permitting a drill program and Oakley Project, and is seeking a joint venture partner for drilling operations.

Other Projects
The Company has several other early stage exploration projects located in Idaho and Nevada.

Impairment of long-lived assets

Management of the Company reviews and evaluates the carrying value of each mineral property for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. If the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is measured and assets are written down to fair value which is normally the discounted value of future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether carrying value can be recovered by considering alternative methods of determining fair value. When it is determined that a mineral property is impaired, it is written down to its estimated fair value in accordance with the CICA Handbook Section 3063 "Impairment of Long-Lived Assets".

Management's estimates of mineral prices, mineral resources, and operating, capital and reclamation costs are subject to certain risks and uncertainties that may affect the recoverability of deferred mineral property costs.

Overall Performance

Financial results for the most recent 8 quarters are:

	Apr – June Q4/08	July - Sept. Q1/09	Oct. – Dec. Q2/09	Jan – Mar. Q3/09	Apr – June Q4/09	July - Sept. Q1/10	Oct. – Dec. Q2/10	Jan – Mar. Q3/10
Net Sales	$0	$0	$0	$0	$0	$0	$0	$0
Net Income (Loss)	$(71,190)	$(194,110)	$(96,941)	$(78,564)	$(77,289)	$(300,720)	$(181,598)	$(501,885)
Net Income (Loss) per share	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)
Total assets	$2,526,523	$3,256,570	$ 3,221,522	$3,249,000	$ 4,377,233	$ 4,686,361	$ 8,427,613	$ 8,645,942
Total liabilities	$121,294	$67,419	$ 126,740	$ 85,282	144,429	170,021	90,572	92,646

Comparison of the nine months ended March 31, 2010 to the nine months ended March 31, 2009

In the nine months ended March 31, 2010, the Company incurred expenses of $991,890 compared to expenses of $396,832 in the same period of 2009. The major factors in the increase of $595,058 were an increase of $431,652 in stock based compensation resulting from options granted in August 2009 and March 2010, an increase of $44,270 in investor relations activities and mine visits, and an increase of $38,019 in management and consulting fees resulting from a monthly increase of $3,000 starting in June 2009, and an increase of $50,646 in travel costs resulting from company meetings and conferences. The Company earned interest of $7,688 on its cash and short term investments, resulting in a net loss for the nine months of $984,202 or $0.00 per share. In the nine months to March 31, 2009, interest of $27,217 was earned to reduce the loss to $143,493, or $0.02 per share.

During the nine month period, the Company spent $1,512,503 and issued 1,900,000 common shares (valued at $800,500) on its unproven mineral interests; the majority of this ($1,548,404) was incurred at its Kilgore project.

Comparison of the three months ended March 31, 2010 to the three months ended March 31, 2009

In the three months ended March 31, 2010, the Company incurred expenses of $502,802 compared to expenses of $85,575 in the same period of 2009, and increase of $417,227. There were increases in almost all expense categories but the major factors were an increase of $337,157 in stock based compensation due to a grant of 950,000 stock options in March 2010, an increase of $29,338 in travel costs and an increase of $23,039 in foreign exchange costs. During the three months, the Company earned interest of $917 on its cash and short term investments, resulting in a net loss of $501,885 or $0.00 per share. In the three months to March 31, 2009, interest of $7,011 was earned to reduce the loss to $78,564, or $0.01 per share.

Share Capital

As at March 31, 2010, the Company had 27,150,439 common shares issued and outstanding of which 945,000 common shares are held in escrow. There are 2,450,000 share purchase options outstanding at exercise prices of $0.20 to $0.50 per share up to March 23, 2015. There are 5,637,270 share purchase warrants outstanding at an exercise price of $0.90 with expiry dates up to November 2, 2011. During October and November 2009, 4,897,150 warrants were exercised for gross proceeds of $1,704,319.

Liquidity

The Company had working capital of $3,822,222 as at March 31, 2010. The Company has invested $931,533 of its cash balances in Canadian bank guaranteed investment certificates maturing in less than one year. Funds that are considered excess to current operating needs are invested in Canadian bank interest bearing short term investments that are highly liquid with maturities of up to one year; the investments are cashable at any time without penalty. The Company has sufficient resources to meet the basic work requirements on its unproven mineral properties.

Financing Transactions

The Company completed a private placement financing of 2,100,000 common shares on June 30, 2007. These shares are held in an Escrow Agreement with 1,155,000 released to date and 315,000 will be released every six months with the next release scheduled for July 2010.

In July 2009, Otis completed a non-brokered private placement of 4,702,000 units at a price of $0.25 per unit for gross proceeds of $1,175,500. Each unit consisted of one common share and one warrant, exercisable by the holder to acquire one additional common share at a price of $0.35 in year one and $0.55 in year two. Finder's fees of $ 10,000 cash were paid and 127,000 share purchase warrants were issued, exercisable at $ 0.25 for eighteen months (recorded at their fair value of $8,847). All of the warrants were subject to a forced conversion once the shares traded above a weighted average price of $0.50 for any twenty consecutive trading-day period in year one, or $0.75 for any twenty consecutive trading-day period in year two. On October 2, 2009, the Company issued forced conversion notices to the warrant holders and 4,702,000 warrants and 127,000 broker warrants were exercised for gross proceeds of $1,690,150.

In November 2009, the Company completed a non-brokered private placement of 3,744,539 units at a price of $0.65 per unit, for gross proceeds of $2,433,950. Each unit consisted of one common share and one half of one share purchase warrant; each full warrant is exercisable at $0.90 in year one and at $1.25 in year two. Finders' fees of $114,863 were paid on the private placement.

Transactions with Related Parties

During the nine months ended March 31, 2010, the Company incurred management fees of $90,000 to a corporation controlled by a director and consulting fees of $16,825 for accounting services to an officer. At March 31, 2010, $1,375 of these fees remained outstanding and are included in accounts payable and accrued liabilities, and $10,000 were prepaid and are included in prepaid expenses.

Risk Factors

The reader is cautioned that the following description of risks and uncertainties is not all-inclusive as it pertains to conditions currently known to management. There can be no guarantee or assurance that other factors will or will not adversely affect the Company.

Risks Inherent in the Mining and Metals Business

The business of exploring for minerals is inherently risky. Few properties that are explored are ultimately developed into producing mines. Mineral properties are often non-productive for reasons that cannot be anticipated in advance. Title claims can impact the exploration, development, operation and sale of any natural resource project. Even after the commencement of mining operations, such operations may be subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties and production facilities, personal injuries, environmental damage, delays or interruption of production, increases in production costs, monetary losses, legal liability and adverse governmental action. The Company's property, business interruption and liability insurance may not provide sufficient coverage for losses related to these or other hazards. Insurance against certain risks, including certain liabilities for environmental pollution, may not be available to the Company or to other companies within the industry. In addition, insurance coverage may not continue to be available at economically feasible premiums, or at all. Any such event could have a material adverse effect on the Company.

Mineral Resources and Recovery Estimates

Disclosed resource estimates should not be interpreted as assurances of mine life or of the profitability of current or future operations. The Company estimates its mineral resources in accordance with the requirements of applicable Canadian securities regulatory authorities and established mining standards. Mineral resources are concentrations or occurrences of minerals that are judged to have reasonable prospects for economic extraction, but for which the economics of extraction cannot be assessed, whether because of insufficiency of geological information or lack of feasibility analysis, or for which economic extraction cannot be justified at the time of reporting. Consequently, mineral resources are of a higher risk are less likely to be accurately estimated or recovered than mineral reserves. The mineral reserve and resource figures are estimates based on the interpretation of limited sampling and subjective judgements regarding the grade and existence of mineralization, as well as the application of economic assumptions, including assumptions as to operating costs, foreign exchange rates and future metal prices. The sampling, interpretations or assumptions underlying any reserve or resource figure may be incorrect, and the impact on mineral resources may be material. In addition, short term operating factors relating to mineral resources, such as the need for orderly development of orebodies or the processing of new or different ores, may cause mineral resource estimates to be modified or operations to be unprofitable in any particular fiscal period. There can be no assurance that the indicated amount of minerals will be recovered or that they will be recovered at the prices assumed for purposes of estimating resources.

Financing

The Company does not currently have any operations generating cash to fund projected levels of exploration and development activity and associated overhead costs. The Company is therefore dependent upon debt and equity financing to carry out its exploration and development plans. There can be no assurance that such financing will be available to the Company or at all.

Environment

Environmental legislation affects nearly all aspects of the Company's operations. Compliance with environmental legislation can require significant expenditures and failure to comply with environmental legislation may result in the imposition of fines and penalties, clean up costs arising out of contaminated properties, damages and the loss of important permits. Exposure to these liabilities arises not only from existing operations, but from operations that have been closed or sold to third parties. There can be no assurances that the Company will be at all times in compliance with all environmental regulations or that steps to achieve compliance would not materially adversely affect the Company. Environmental laws and regulations are evolving in all jurisdictions where the Company has activities. The Company is not able to determine the specific impact that future changes in environmental laws and regulations may have on the Company's operations and activities, and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly strident environmental regulation. Further changes in environmental laws, new information on existing environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits, could require increased financial resources or compliance expenditures or otherwise have a material adverse effect on the Company. Changes in environmental legislation could also have a material adverse effect on product demand, product quality and methods of production and distribution.

Legal proceedings

The nature of the Company's business may subject it to numerous regulatory investigations, claims, lawsuits, and other proceedings. The result of these legal proceedings cannot be predicted with certainty. There can be no assurances that these matters will not have a material adverse effect on the Company.

Foreign currency

The Company maintains its accounts in Canadian dollars. Following the approval of the Qualifying Transaction, the Company commenced operations in the USA which make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company's operating results and cash flows will be affected by changes in the Canadian Dollar exchange rate vis-à-vis the US Dollar.

As at March 31, 2010, the Company had a bank balance of $62,457 in US dollars and no US dollar short term investments. The Company will generally only purchase US dollars as the need arises in order to fund its exploration and development activities. Corporate expenditures are incurred primarily in Canadian dollars.

Credit

The Company is exposed to credit risk on its short term investment portfolio. The Company's investments are all rated R-1 high, the highest rating for money market investments.

Interest rate

The Company's bank accounts earn interest based on the prime rate. The Company's short term investments are discount notes that earn a fixed rate over a period of up to one year. The fair value of its short term investment portfolio is relatively unaffected by changes in short term interest rates. The Company's future interest income is exposed to changes in short term rates.

Accounting Principles

The Company's financial statements are prepared in accordance with Canadian GAAP. The acquisition, exploration, development and administration costs relating to unproven mineral interests are capitalized until the interest to which they relate is placed into production, sold or abandoned. Capitalized costs will be amortized over the useful life of the orebody following commencement of production or written off if the interest is sold or abandoned. General administration costs are expensed as incurred.

New Accounting Standards.

The Accounting Standards Board ("AcSB") of the Canadian Institute of Chartered Accountants has issued new accounting standards that the Company is required to consider for adoption, as follows:

a) Effective on July 1, 2009, the Company adopted Section 3064 "*Goodwill and intangible assets*". Section 3064 replaces Sections 3062 "*Goodwill and other intangible assets*" and Section 3450 "Research and development costs". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets including internally developed intangible assets. The adoption of Section 3064 has no effect on the Company's financial statements.

b) *Business combinations, consolidated financial statements and non-controlling interests*
The CICA issued three new accounting standards in January 2009, Section 1582, "*Business Combinations*," Section 1601, "*Consolidated Financial Statements*," and Section 1602 "*Non-Controlling Interests".* These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

   New Section 1582 replaces Section 1581, "*Business Combinations*," and establishes standards for the accounting for business combinations. It provides the equivalent to IFRS 3, "*Business Combinations*." The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements related to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, "*Consolidated and Separate Financial Statements*," and applies to interim and annual consolidated financial statements related to fiscal years beginning on or after January 1, 2011.

c) Also, the AcSB has determined that Canadian accounting standards for publicly-listed companies will converge with International Financial Reporting Standards ("IFRS") effective for interim and annual periods beginning on and after January 1, 2011. The adoption of IFRS in 2011 will require restatement for comparative purposes of figures presented for the 2010 fiscal year. For the Company, the transition to IFRS will result in some changes but the amounts are not material.

Additional Information

Additional information relating to the Company may be found on SEDAR at www.sedar.com.