



## MANAGEMENT'S DISCUSSION AND ANALYSIS

*The following discussion of the financial condition and results of operations of Gold Wheaton Gold Corp. ("Gold Wheaton" or the "Company"), formerly Kadywood Capital Corp., should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three and twelve months ended September 30, 2008 as well as the Company's audited financial statements and notes thereto for the year ended September 30, 2007. The Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles. The Company reports a certain non-GAAP measure, EBITDA, which is explained in the Supplemental Information on Results of Operation of this MD&A.*

*Certain statements contained in the following Management's Discussion and Analysis ("MD&A") constitute forward-looking statements within the meaning of applicable laws and regulations. These forward-looking statements are not guarantees of future performance and involve risks and uncertainties, which could cause actual results to differ materially from those anticipated. The Company expressly disclaims any obligation to update forward-looking statements unless so required by applicable laws.*

*All dollar amounts are expressed in United States dollars unless otherwise indicated. Note that additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

### **DATE**

This MD&A is prepared as of October 31, 2008.

### **FOURTH QUARTER HIGHLIGHTS**

- Revenue from the sale of precious metals in the fourth quarter was \$9.0 million based on average gold price of \$830 per ounce. FNX delivered and sold to Gold Wheaton approximately 10,804 gold equivalent ounces, comprising of 3,004 ounces of gold, 5,123 ounces of platinum and 5,467 ounces of palladium.
- EBITDA for the fourth quarter was \$3.3 million.
- On July 8, 2008, the Company completed its previously announced private placement (the "Private Placement"). The Private Placement consisted of 520,000,000 units with each unit comprised of one common share of the Company and one half common share purchase warrant (the "Warrants") and raised gross proceeds of CDN\$260 million. Each Warrant is exercisable to acquire an additional common share of the Company at a price of CDN\$1.00 per share and will expire on July 8, 2013.
- On July 15, 2008, the Company completed its purchase of 50% of the contained gold, platinum and palladium in ore mined and shipped from certain of the existing mining operations wholly-owned by FNX Mining Company Ltd. ("FNX") located in northern Ontario (the "FNX Transaction") for an upfront payment of CDN\$400 million, comprised of CDN\$175 million in cash, 350 million Gold Wheaton common shares valued at CDN\$175 million and a deferred payment of CDN\$50 million in Gold Wheaton warrants, shares or cash to be

satisfied in six months, plus a payment of the lesser of \$400 per gold equivalent ounce purchased, subject to adjustment, and the then prevailing market price per ounce of gold.

- In conjunction with the closing of the FNX transaction, Kadywood Capital Corp. Changed its name to Gold Wheaton Gold Corp. and Gold Wheaton commenced trading on Tier 1 of the TSX Venture Exchange under the symbol "GLW".
- On September 19, 2008, the Company signed a definitive agreement with Redcorp Ventures Ltd. ("Redcorp"). Pursuant to the definitive agreement, Gold Wheaton agreed to purchase 100% of the gold mined from Redcorp's Tulsequah Project, in British Columbia, for a payment of \$90 million, comprised of \$10 million to be paid on the satisfaction of certain funding conditions upon closing and \$80 million to be paid as the funds are required for the construction of the Tulsequah Project on satisfaction of certain additional funding conditions. In addition, Gold Wheaton will pay the lesser of \$400 per ounce of payable gold delivered and sold to Gold Wheaton, subject to adjustment, and the then prevailing market price per ounce of payable gold delivered and sold to Gold Wheaton.

## **OVERVIEW**

The Company was incorporated on October 20, 1999, under the Company Act of the Province of British Columbia. During fiscal 2002, the Company acquired all the assets, undertakings, goodwill and intellectual property related to the 222 Pizza system franchise and trademark and changed its name from YES Capital Corp. to 222 Pizza Express Corp. 222 Pizza Express Corp experienced financial difficulties and applied for creditor protection under the *Bankruptcy and Insolvency Act* (the "Act"). The Company's proposal (the "Proposal") to settle outstanding debt was approved by the British Columbia Supreme Court in 2004; however, the Company defaulted in the payments due under this proposal during the year-ended September 30, 2007. In April 2008, the Company successfully raised \$1.5 million through completion of a private placement and changed its name to Kadywood Capital Corp on May 1, 2008. Subsequently the Company submitted and received Court approval of an Amended Proposal for the settlement of its outstanding debt. The Company fully performed the terms of the Amended Proposal and a Certificate of Full Performance was issued effective June 30, 2008.

The Company filed a Filing Statement with the TSX Venture Exchange in respect of a change of business. In July 2008, the Company completed an equity financing of \$260 million and also completed its purchase of 50% of the contained gold, platinum and palladium in ore mined and shipped from certain of the existing mining operations wholly-owned by FNX located in northern Ontario. Upon closing of the FNX Transaction, the Company changed its name to Gold Wheaton Gold Corp and commenced trading on Tier 1 of the TSX Venture Exchange under the symbol "GLW".

Effective July 1, 2008, the Company determined that the functional currency had changed from the Canadian to the United States dollar. This resulted from a change in the nature of the business as all sales and the majority of expenses occur in United States dollars. Concurrent with this change in functional currency, the Company adopted the United States dollar as its reporting currency. In accordance with Canadian GAAP, the change was effected by translating assets and liabilities, at the end of prior reporting periods, at the existing United States / Canadian dollar foreign exchange spot rate, while earnings, losses and shareholders' equity were translated at historic rates. Also, the year end of the Company was changed from September 30 to December 31. The Company is presenting the twelve months ended September 30, 2008 as interim results compared to the twelve month period ended September 30, 2007. The current fiscal period ending December 31, 2008 will include the results of operations for the fifteen month period then ended.

## **RESULTS OF OPERATIONS**

### **TWELVE MONTHS ENDED SEPTEMBER 30, 2008**

The Company realized a net loss for the twelve months ended September 30, 2008 of \$3,392,541 or \$0.01 per share, compared to net loss of \$100,781 or \$0.01 per share for the same period in 2007. The net loss for the twelve months ended September 30, 2008 is higher by \$3,291,760 compared to the same period in 2007 mainly due to the following:

- \$598,900 loss on settlement of debt with creditors;
- \$3,488,741 of higher stock based compensation expense for stock options granted;
- \$974,287 of higher professional and consulting fees related to the reorganization of the affairs of the Company and development of new opportunities;
- \$130,698 of higher travel and promotion due to project evaluation;
- \$39,928 of higher transfer agent and filing fees related to the reorganization of the affairs of the Company;

And partially offset by:

- \$1,959,687 of earnings from operations related to the sale of approximately 10,804 gold equivalent ounces; and
- \$601,751 of interest income.

Revenue for the twelve months ended September 30, 2008 was \$8,966,647, based on average gold price of \$830 per ounce. This was entirely attributed to the sale of precious metals since the close of the FNX Transaction on July 15, 2008. The Company did not have revenue in 2007.

### **THREE MONTHS ENDED SEPTEMBER 30, 2008**

The Company realized a net loss for the three months ended September 30, 2008 of \$2,325,508 or \$0.00 per share, compared to net loss of \$20,305 or \$0.00 per share for the same period in 2007. The net loss for the three months ended September 30, 2008 is higher by \$2,305,203 compared to the same period in 2007 mainly due to the following:

- \$3,257,491 of higher stock based compensation expense for stock options granted;
- \$854,747 of higher professional and consulting fees related to the reorganization of the affairs of the Company;
- \$118,480 of higher travel and promotion due to project evaluation;
- \$31,746 of higher transfer agent and filing fees related to the reorganization of the affairs of the Company;

And partially offset by:

- \$1,959,687 of earnings from operations related to the sale of approximately 10,804 gold equivalent ounces; and
- \$596,254 of interest income.

Revenue for the three months ended September 30, 2008 was \$8,966,647, based on average gold price of \$830 per ounce. This was entirely attributed to the sale of precious metals since the close of the FNX Transaction on July 15, 2008. The Company did not have revenue in 2007.

## **SUMMARY OF QUARTERLY RESULTS**

<b>Description</b>	<b>Q4 Sept 30 2008</b>	<b>Q3 June 30 2008</b>	<b>Q2 March 31 2008</b>	<b>Q1 Dec 31 2007</b>	<b>Q4 Sept 30 2007</b>	<b>Q3 June 30 2007</b>	<b>Q2 March 31 2007</b>	<b>Q1 Dec 31 2006</b>
<i>Revenues</i>	8,966,647	-	-	-	-	-	-	-
<i>Loss before other items</i>	(2,607,532)	(324,586)	(111,299)	(29,749)	(36,882)	(25,764)	(30,527)	(24,185)
<i>Loss for period</i>	(2,325,508)	(323,596)	(710,199)	(29,749)	(20,305)	(25,764)	(30,527)	(24,185)
<i>Basic and fully diluted loss per share</i>	0.00	(0.01)	(0.04)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

The quarterly results for the three month period ended September 30, 2008 reflect the fact that the Company had changed its business to a mining company with 100% of its operating revenue from the sale of precious metals. Loss before other items for the three months ended September 30, 2008 was \$2,607,532, with the majority of the loss relating to stock-based compensation, and professional and consulting fees related to management services and project evaluation. Prior to June 30, 2008, the Company operated as Kadywood Capital and was undergoing financial restructuring. The increase in net loss for the three months ended March 31, 2008 as compared to the previous quarters is due to inclusion of a one time loss on settlement of debt with creditors in the amount of \$598,900 (CDN\$600,000), which related to the Company's Proposal under the Bankruptcy Act, and offset the gain on settlement of debt of CDN\$545,591 that was previously recognized in 2003.

## **SUPPLEMENTAL INFORMATION ON RESULTS OF OPERATION**

In this MD&A, the Company has reported its earnings before interest income and expense, income tax, stock-based compensation, depreciation and other items ("EBITDA"). This is a liquidity non-GAAP measure which the Company believes is used by certain investors to determine the Company's ability to generate cash flows for investing and other activities. This non-GAAP measure does not have any standardized meaning prescribed under Canadian GAAP, and therefore they may not be comparable to similar measures employed by other companies.

The following table provides a reconciliation of EBITDA to the financial statements:

	Three Months Ended		Twelve Months Ended	
	September 30,		September 30,	
	2008	2007	2008	2007
Net loss (GAAP measure)	\$ (2,325,508)	\$ (20,305)	\$ (3,392,541)	\$ (100,781)
Add back				
Future income tax	314,230	-	314,230	-
Net interest income	(595,641)	9,825	(573,726)	36,920
Depreciation	2,685,329	-	2,685,329	-
Stock-based compensation	3,257,491	-	3,488,741	-
Loss on Amended Creditor's Proposal	-	-	598,900	-
Other	-	(16,577)	-	(16,577)
<b>EBITDA</b>	<b>\$ 3,335,901</b>	<b>\$ (27,057)</b>	<b>\$ 3,120,933</b>	<b>\$ (80,438)</b>

As the Company had a change in business as a result of the FNX Transaction, prior year numbers are not comparable.

### **MINERAL INTEREST**

On July 15, 2008, the Company entered into an agreement with FNX to purchase 50% of the contained gold, platinum and palladium in ore mined and shipped from the FNX operations, being: (i) PM and 700 Deposits at the McCreedy West Mine; (ii) the Levack Footwall Deposit, Rob's Zone and 1900 Zone at the Levack Mine; and (iii) the 2000 and North Deposits at the Podolsky Mine.

For the three and twelve months ended September 30, 2008, 100% of the Company's revenue is attributed to the FNX assets. FNX delivered and sold to Gold Wheaton approximately 10,804 gold equivalent ounces, comprising of 3,004 ounces of gold, 5,123 ounces of platinum and 5,467 ounces of palladium.

For more detailed information related to the reserves and resources estimates of the FNX assets, please see the NI 43-101 Technical Report updated to December 31, 2007 and dated July 3, 2008 filed by the Company that is available of [www.sedar.com](http://www.sedar.com).

### **LIQUIDITY AND CAPITAL RESOURCES**

At September 30, 2008, the Company had cash and short term investments of \$67,030,190 (September 30, 2007 - \$424) and working capital of \$71,773,166 (September 30, 2007 - deficit of \$335,957). The increase in cash and short term investments at the end of the quarter is due to net proceeds from the issuance of equity securities primarily from the completion of a CDN\$260 million Private Placement in July net of cash consideration paid for the FNX mineral interest of \$175 million. Cash used in operating activities for the three months and twelve months ended September 30, 2008 were \$740,667 and \$1,772,683 respectively.

The Company maintains sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and short-term investments. The Company's cash is invested in business accounts which are available on demand. The Company does not invest in asset backed securities. The

Company's short-term investments are available on demand after 30 days without penalty. All financial liabilities are due to be settled within 180 days of the balance sheet date.

At September 30, 2008 the Company had sufficient resources to fund its current activities and corporate overhead expenses. As part of the Company's business strategy, it has sought and will continue to seek to purchase precious metal streams from third party natural resource companies. Currently the Company's primary source of capital is from the issuance of equity securities and cash flow from the FNX Transaction. Management's objective is to obtain sufficient capital to further develop or acquire new gold stream opportunities for the benefit of its stakeholders. To meet the objectives, management monitors the Company's ongoing capital requirements against unrestricted net working capital and assesses additional capital requirements on specific business opportunities on a case by case basis. The Company is not currently subject to any externally imposed capital requirements.

## **COMMITMENTS AND CONTINGENCIES**

In connection with the FNX Transaction, the Company has committed to purchase 50% of the contained Gold Equivalent Ounces in ore mined and shipped from the FNX operations. For each gold equivalent ounce delivered, a cash payment of the lesser of \$400 (subject to an inflationary adjustment three years after the anniversary date) or the then prevailing market price per ounce of gold. In addition, the Company will pay CDN\$50 million six months following the closing of the FNX gold purchase transaction. The CDN\$50 million will be extinguished by the issuance of the Company's share purchase warrants at a price equal to the 20 day volume weighted average trading price ending January 8, 2009 of the warrants issued as part of the July 8, 2008 equity financing and on the same terms and conditions subject to regulatory approval. If the Company is unable to obtain any requisite regulatory approval, at the Company's option, the CDN\$50 million shall be satisfied by the payment of cash or by the issuance of common shares of the Company at the 20 day volume weighted average trading price of the shares ending on January 8, 2009 (or by a combination of cash and shares).

The Company has signed a definitive agreement to purchase 100% of the gold mined from Redcorp Ventures Ltd's ("Redcorp") Tulsequah Project, in British Columbia, for a payment of \$90 million, comprised of \$10 million to be paid on the satisfaction of certain funding conditions upon closing and an additional \$80 million to be paid as the funds are required for the construction of the Tulsequah Project on the satisfaction of certain additional funding conditions. In addition, Gold Wheaton will pay the lesser of \$400 per ounce of payable gold delivered and sold to Gold Wheaton, subject to adjustment, and the then prevailing market price per ounce of payable gold delivered and sold to Gold Wheaton.

## **NEW ACCOUNTING POLICIES**

### **Financial instruments**

Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loan and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading, financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income. Loans and receivables, held-to-maturity investments and other financial liabilities, are measured at amortized cost.

Since October 1, 2007, the Company has designated its cash and short term investments as held-for-trading, which are measured at fair value. Amounts receivable are classified as loans and receivable, which are measured at

amortized cost. Accounts payable and accrued liabilities, loan payable and due to/from related parties are classified as other financial liabilities. The Company does not have either available-for-sale or held-to-maturity instruments during the period ended September 30, 2008.

In March 2007, the CICA issued Section 3862, “Financial Instruments – Disclosures”, which replaces Section 3861 and provides expanded disclosure requirements that provide additional detail by financial instrument and liability categories. This standard harmonizes disclosures with International Financial Reporting Standards (“IFRS”). This Section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

In March 2007, the CICA issued Section 3863, “Financial Instruments – Presentation” to enhance financial statement readers’ understanding of the significance of financial instruments to an entity’s financial position, performance and cash flows. This Section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, interest, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This standard harmonizes disclosures with IFRS. This Section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

### **Capital disclosures**

In December 2006, the CICA issued Section 1535, “Capital Disclosures”. This Section establishes standards for disclosing information about an entity’s capital and how it is managed. This Section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

## **FUTURE CHANGES IN ACCOUNTING POLICIES**

### **Inventories**

In June 2007, the CICA issued Section 3031, “Inventories”, which replaces Section 3030 and harmonizes the Canadian standard related to inventories with IFRS. This Section provides more extensive guidance in these areas: the determination of cost, including allocation of overhead; narrowing of permitted cost formulas; requirements for impairment testing; and expansion of disclosure requirements to increase transparency. This Section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, and is not expected to have a material impact on the Company’s financial statements.

### **International Financial Reporting Standards**

In January 2006, the CICA Accounting Standards Board (“AcSB”) adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies are to convert to IFRS effective for fiscal periods beginning on or after January 1, 2011. The Company continues to monitor, and assess, the impact of the conversion of Canadian GAAP to IFRS.

## **RELATED PARTY TRANSACTIONS**

During the three and twelve months ended September 30, 2008, the Company recorded consulting fees of \$219,192 (three and twelve months ended September 30, 2007 - \$nil) to companies controlled by a director or officer.

In addition, the Company had the following transactions with companies related to a common former director or officer:

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2008	2007	2008	2007
Management fees	\$ -	\$ 8,668	\$ 18,188	\$ 32,575
Legal and consulting fees	-	-	66,992	-
	\$ -	\$ 8,668	\$ 85,180	\$ 32,575

In addition, the Company had the following transactions with companies related by a common former director or officer:

- Paid \$674,828 as part of the debt settlement;
- Paid \$105,757 of the due to related parties balance at September 30, 2007; and
- Settled \$248,500 in debt through the issuance of 5 million common shares at a price of CDN\$0.05 per share.

These transactions were in the normal course of operations and were measured at the exchange amount which was the amount established and agreed to by the related parties.

As at September 30, 2008, amounts due to related parties of \$nil (September 30, 2007: \$401,854) were due to a former director and a company with a common former director, with interest accruing at an annualized rate of 10%.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

### **PROPOSED TRANSACTIONS**

The Company signed a letter of intent with First Uranium Corp. subject to various conditions and approvals, for the purchase of 25% of the payable gold from the Mine Waste Solutions Tailings Recovery Project over the life of the mine located in the western portion of the Witwatersand basin, approximately 160 kilometers from Johannesburg, located in the North West Province, South Africa. Pursuant to the terms of the letter of intent, the Company will pay \$125 million comprising of \$50 million upon closing and \$75 million on or before February 27, 2009, and an ongoing per-ounce payment equal to the lessor of \$400 and the prevailing spot gold market price, subject to adjustments.

### **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, short term investments, amounts receivable, accounts payable and accrued liabilities, loan payable, and amounts due to related parties. The carrying value approximates their fair value due to the short-term maturity of such instruments.

The Company currently sells all of its minerals to one customer under an off-take contract. The loss of this customer or unexpected termination of the off-take contract could have a material adverse effect on the Company's results of operations, financial condition and cash flows. The Company has not experienced any bad debts with this customer.

The Company does not use interest rate contracts or other derivative financial instruments to manage the risks associated with its operation and therefore, in normal course of business, it is inherently exposed to currency, interest rate and commodity price fluctuations

#### *Currency Risk*

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company receives revenue in US dollars, incurs expenses in US and Canadian dollars and its reporting currency is the US dollar. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations.

At September 30, 2008, the Company is exposed to currency risk through the following financial assets and liabilities denominated in Canadian dollars:

	September 30, 2008 (\$CDN)
Cash	882,123
Short-term investments	69,500,000
Deposits	51,000
Other receivables	535,081
Future tax asset	3,643,945
Accounts payable and accrued liabilities	(546,514)
Long-term liabilities	(50,000,000)

Based on the above net exposures at September 30, 2008, a \$0.10 depreciation or appreciation of the Canadian dollar against the US dollar would result in an approximately \$1.4 million increase or decrease in the Company's after-tax net earnings.

#### *Interest Rate Risk*

The Company's bank account earns interest income at variable rates. The fair value is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

The Company is not exposed to interest rate fluctuations on its short-term investments as these are at a fixed rate of interest of 3.2%. The short-term investments mature on July 19, 2009.

#### *Commodity price risk*

The profitability of the Company will be significantly affected by changes in the market price of platinum, palladium and gold. The level of interest rates, the rate of inflation, world supply and demand of precious metals and stability of exchange rates can all cause significant fluctuations in precious metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

A 10% change in commodity prices would impact the Company's net income as follows:

	Three months ended		Twelve months ended	
	September 30		September 30	
	2008	2007	2008	2007
Gold price	\$ 177,016	\$ -	\$ 177,016	\$ -
Platinum price	380,817	-	380,817	-
Palladium price	78,799	-	78,799	-

### **ADDITIONAL INFORMATION**

Additional information about the Company is available on the Company's website at [www.goldwheaton.com](http://www.goldwheaton.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Disclosure of Outstanding Share Data**

a) Authorized:

Unlimited common shares with no par value

Unlimited preferred shares with no par value

b) Common shares issued: Number

Balance September 30, 2008 933,571,668

Balance October 31, 2008 934,121,668

c) The number of options exercisable and exercise prices were as follows:

Exercise Price (CDN)	September 30, 2008	October 31, 2008
	Number of Options Outstanding and Exercisable	Number of Options Outstanding and Exercisable
\$0.35	50,000	-
\$0.37	1,555,000	1,055,000
\$0.59	16,125,000	16,125,000
\$0.60	-	550,000
	17,730,000	17,730,000

d) The number of warrants outstanding at September 30 and October 31, 2008 were as follows:

<b>Exercise Price (CAD)</b>	<b>Warrants outstanding</b>	<b>Expiry date</b>
\$0.10	26,505,000	April 21, 2009
\$1.00	260,000,000	July 8, 2013
	286,505,000	

## **SUBSEQUENT EVENTS**

### ***Share Purchase Option Exercised***

Subsequent to September 30, 2008, 50,000 and 500,000 share purchase options were exercised at a price of CDN\$0.35 and CDN\$0.37 respectively for proceeds of CDN\$202,500.

### ***Share Purchase Option Granted***

Subsequent to September 30, 2008, the Company granted 550,000 share purchase options to directors of the Company's subsidiary at an exercise price of CDN\$0.60 per share for a period of five years.

## **RISK AND UNCERTAINTIES**

The following is a summary of certain risk factors and is qualified in its entirety by reference to and must be read in conjunction with the Company's Annual Information Form dated August 19, 2008 available on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Same Risk as FNX***

The operations of the Company are speculative due to the high risk nature of its business and its stage of development. Until the Company acquires other interests or assets, it will depend solely on gold equivalent ounces production from FNX to generate revenue. As a result, its operation and cash flow are subject to a number of the same risk factors that apply to FNX and to resource companies generally.

### ***No Control Over FNX Operations***

The Company has agreed to purchase 50% of all gold, platinum and palladium produced by the Properties. The Company will have no contractual rights relating to FNX's operations nor will it have any interest in any of the Properties. The Company will not be entitled to any compensation if FNX does not meet its forecasted gold production targets in any specified period or if FNX shuts down or discontinues its gold mining operations on a temporary or permanent basis.

### ***Commodity Prices***

The price of the Common Shares and the Company's financial results may be significantly adversely affected by a decline in the price of gold, platinum or palladium. The price of gold fluctuates widely and is affected by numerous factors beyond the Company's control such as the sale or purchase of gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world. The price of gold, platinum and palladium has fluctuated widely in recent months.

In the event that the prevailing market price of gold is less than \$400 per ounce (subject to an annual 1% inflation accelerator commencing on July 1, 2011), the transfer price will be the then prevailing market price per ounce of gold and the Company will not generate positive cash flow or earnings.

### ***Market Price of the Common Shares***

The Common Shares are listed on the TSX Venture Exchange (the “TSXV”). The Company’s business is in an early stage of development and an investment in the Company’s shares is highly speculative. Securities of companies involved in the resource industry have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. The Company’s shares are also likely to be significantly affected by short-term changes in precious metal prices or in its financial condition or results of operations as reflected in its quarterly earnings reports.

### ***Dividend Policy***

No dividends on the Common Shares have been paid by the Company to-date. Payment of any future dividends will be at the discretion of the Company’s board of directors after taking into account many factors including the Company’s operating results, financial condition and current and anticipated cash needs.

### ***Key Executives***

The Company is dependent on the services of key executives. The loss of these persons may adversely affect its business and future operations.

### ***Conflicts of Interest***

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration, development and mining operations and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Company’s Act* (British Columbia) and other applicable laws.