COMMERCE RESOURCES CORP.

Management Discussion & Analysis for the Third Quarter Ended July 31, 2008

The following is a discussion and analysis of the operations, results, and financial position of the Company for the third quarter ended July 31, 2008, and should be read in conjunction with the unaudited financial statements for the quarter ended July 31, 2008, together with the audited financial statements and the related notes attached thereto for the year ended October 31, 2007, all of which were prepared in accordance with Canadian generally accepted accounting principals. The effective date of this report is August 26, 2008.

Forward Looking Statements

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. Forward looking statements are based on the estimates and opinions of management of the Company at the time the statements were made. Readers are cautioned not to put undue reliance on forward looking statements.

Nature of Business and Overall Performance

Commerce Resources Corp. (the "Company") is an exploration stage company engaged in the acquisition, exploration and development of mineral properties.

The Company's primary focus is on its exploration activities with respect to tantalum and niobium, and holds a 100% interest in three mineral deposits located in the Kamloops Mining Division of central British Columbia. The total size of the Blue River property is now in excess of 1,000 square kilometres.

The Company is also conducting exploration at its Eldor Property which is located in the Labrador Trough area of Quebec, Canada. The Eldor Property is at a relatively early stage of exploration with historic exploration results indicating considerable potential for carbonatite-hosted niobium and tantalum mineralization.

The Company is a reporting issuer in British Columbia and Alberta and trades as a Tier 1 Issuer on the TSX Venture Exchange under the symbol 'CCE'. The Company also trades on the Frankfurt Stock Exchange under the symbol 'D7H'.

Properties

Blue River Tantalum/Niobium Project

The Blue River Tantalum/Niobium Project is located in the Kamloops Mining Division of British Columbia, and is made up of three major anomalous deposits known as the Upper Fir, Fir and Verity.

The Upper Fir is located approximately 30 kilometres north of Blue River, British Columbia and is owned 100% with no underlying royalties. Exploration to date at the Upper Fir has outlined an indicated resource of 8.6Mt with 208.2 g/t Ta_2O_5 and 1,372.6 g/t Nb_2O_5 and an inferred resource of 5.5Mt with 208.2 g/t Ta_2O_5 and 1,349.9 g/t Nb_2O_5 (Gorham, 2007).

The Fir is located 1,200 metres west of the Upper Fir deposit. The Company has outlined an inferred resource for the Fir totalling 6.74 million tones grading 203.1 gpt Ta_2O_5 and 1,047 gpt Nb_2O_5. The Fir is also host to an indicated resource of 5.65 million tones grading 203.1 gpt Ta_2O_5 and 1,047 gpt Nb_2O_5. (Verzosa, 2004)

The Verity is located approximately 10 kilometres north of the Upper Fir. The Verity is owned 100% and is not subject to any underlying royalties. The Company has outlined an inferred resource for the Verity property totalling 3.06Mt with 196 gpt Ta_2O_5 and 646 gpt Nb_2O_5. (McCrea, 2001)

Detailed information on all three deposits and resource calculations may be viewed in the Company's public disclosure on SEDAR at http://www.sedar.com.

Exploration Program & Results

In August, 2008, the Company received an updated resource estimate, which was based upon 20 HQ diameter diamond drill holes completed during 2005-2006, and an additional 18 HQ diameter diamond drill holes completed during 2007. The holes outlined a series of sill-like bodies with up to 100 m total thickness, which extends for more than 1,100 m in a north-south direction and up to 600 m in an east-west direction. The carbonatite remains open both to the east and to the south.

Based on the exploration from 2005-2007, the Upper Fir Carbonatite is estimated to contain an indicated resource of 14.68 Mt with average grades of 190 g/t Ta_2O_5 (Tantalum) and 1,300 g/t Nb_2O_5 (Niobium), within a 38 m confidence limit. In addition, the mineralized body is estimated to contain an inferred resource of 19.8 Mt with average grades of 188 g/t Ta_2O_5 and 1,612 g/t Nb_2O_5, within a 100 m confidence limit. When using higher grade cut-offs of 200 g/t Ta_2O_5, the average tantalum grades increase to 231 g/t for the indicated portion and 225 g/t for the inferred portion. In February 2008, the Company released the results from 11 diamond drill holes from the exploration program at the Upper Fir. All holes intersected mineralized carbonatite, extending the known mineralization by an additional 250 meters to the south and 200 meters to the east of the area identified in 2006.

In November 2007, the Company doubled the size of its Blue River Tantalum/Niobium Project by staking an additional 104,700 acres. The total size of the Project is now in excess of 1,000 square kilometres.

In October 2007, the Company released the results from 17 diamond drill holes from the exploration program at the Upper Fir. All drill holes intersected zones registering between 8 and 99 meters of carbonatite and has extended the tantalum-niobium bearing carbonatite over a strike length exceeding 1,100 metres north-south and more than 580 metres in an east-west direction.

The environmental team has continued its ongoing programs, working closely with the geological and engineering teams to provide an integrated baseline program using public sources of information and site-specific field programs. To date, the first phase of environmental field programs have been completed which included water sampling, fisheries work, and preliminary soil and vegetation surveys.

Current Exploration

Drilling: The initial target of the 2008 program is the Upper Fir deposit where 36 holes totaling 8,053 metres have been drilled to date this year. Beaupre Diamond Drilling Inc. of Princeton, British Columbia is currently operating two diamond drills achieving +95% recoveries, with the possibility of a third machine being added later this month. In response to higher than anticipated progress in drilling, onsite crews have been augmented to avoid delays in sawing, and preparing the core for shipment. To further reduce lead times, on a regular basis samples are driven directly to Acme Analytical Laboratories Ltd. in Vancouver, BC, for sample preparation and analysis. All technical work is being conducted under the supervision of geologist John Gorham, P.Geol. of Dahrouge Geological Consulting Ltd., a qualified person as defined by National Instrument 43-101.

Bulk Sample: The Company has in hand the necessary permit to collect a bulk sample of up to 10,000 tonnes of mineralized material. Based on its ongoing metallurgical test work, the Company has located up to eight potential sites for the extraction of representative samples. A contract has been signed with Process Research Associates Ltd. ("PRA") of Richmond, BC, to process these samples. This work will extend the characterization program previously completed as well as provide information which will support the development of a preliminary flow sheet for a pilot plant program to be conducted at PRA's facility in Osoyoos, BC.

Regional Exploration: The Company's regional exploration program has led to the discovery of a several new carbonatites, as well as the extension of two carbonatites previously discovered within the existing property boundaries. Thirteen new claims have been staked along the south-east margin of the existing claim block to ensure full coverage of the newly discovered Felix carbonatite. Sampling and mapping have been completed to allow further evaluation of all the carbonatite bodies.

Environmental and Regulatory: The Company is advancing environmental and regulatory programs designed to ensure the Blue River project is well positioned to enter the environmental assessment process once feasibility is established. The field programs, which include surface and ground water sampling, hydrology, wildlife and fisheries work, are all currently on time and within budget.

Eldor Property

In May, 2007, the Company acquired both by staking and by a purchase agreement with Virginia Mines Inc. (TSX: VGQ) ("Virginia") a 100% interest in the Eldor Carbonatite Complex, located in the Labrador Trough area of Quebec, Canada. Limited historic exploration of the Eldor Carbonatite has shown it to have an elliptical shape with dimensions of 7.75 km by 2.5 km, and with localized, high concentrations of niobium and tantalum. Several grab and channel samples from the carbonatite have ranged from >1% to 11.4% Nb_2O_5, and from >0.01% to 0.21% Ta_2O_5.

Exploration Program & Results

The Company conducted a comprehensive exploration program during the summer of 2007 to confirm the historic mineralization at the property. The 2007 exploration program, designed to confirm the historic mineralization, consisted of an 862-line-kilometre magnetic/radiometric airborne geophysical survey, and rock and soil sampling. In total, 895 soil samples and 60 rock (grab) samples were collected. The soil sampling (50-metre sample intervals) was considered reconnaissance in nature and consisted of lines spaced approximately one kilometre apart across the property.

In December, 2007, the Company released the results from its 2007 exploration program which substantiated anomalous concentrations of niobium (Nb_2O_5) and tantalum (Ta_2O_5) identified historically as well as anomalous concentrations of gold, uranium and apatite over an area exceeding six kilometres long by 1.5 kilometres wide. Based on the local geology and the sampling results obtained in the field, the Company believes that the Eldor Carbonatite project has potential for the discovery of a variety of high-value commodities within a very large carbonatite complex.

Current Exploration

In June, 2008, the Company announced the initiation of its 2008 diamond drilling and field work program on the Eldor Property. The 2008 exploration program is designed to build upon the strong results obtained during the 2007 exploration program, which substantiated historic concentrations of niobium (Nb_2O_5) and tantalum (Ta_2O_5). In addition, significant concentrations of phosphate (P_2O_5) and uranium (U_3O_8) were identified.

The initial planned 7,500 m of BTW drilling began on June 2, 2008. Initial locations for drilling include areas within highly anomalous concentrations of niobium and tantalum in both soil and rock samples where they overlap with coincident anomalous magnetic and radiometric geophysical responses. It is anticipated that between 30 and 40 drill holes will be completed during this phase of the exploration.

Building on the work from the 2007 exploration program, continued soil and rock sampling, trenching and ground-based geophysics is planned to begin in mid-June, 2008. This will include infill of the widely spaced reconnaissance sampling program of 2007 to provide additional drilling targets. As well, reconnaissance soil and rock geochemistry is planned on claims to the south of the main Eldor block which the Company recently acquired.

Other Properties

Carbo Claims

The Carbo Claims, which are located north of Prince George cover a series of carbonatite and alkalic intrusions. During 2006-2007, the Company conducted rock and soil sampling, and geophysical surveys. The results have produced anomalous concentrations of niobium and rare earth elements in the soil and rock samples. Further exploration is required to ascertain the nature of this mineralization.

Results of Operations

General and Administrative

Net loss for the nine months ended July 31, 2008 was $1,177,497 as compared to a net loss of $2,443,872 for the comparative quarter ended July 31, 2007. This difference is due primarily to the decrease in stock based compensation (2008: $Nil, 2007: $1,610,650) as there were no incentive stock options granted. As well, the Company realized a gain due to higher interest income (2008: $742,808; 2007: $148,279). The decrease in stock based compensation was offset by an increase in administration fees (2008: $810,000, 2007: $345,000), consulting fees (2008: $171,211, 2007: $Nil), travel and promotion ($166,192, 2007: $64,952).

The higher general and administrative costs reflect increased marketing, more shareholder services related to European investors and a larger staff to manage the growth. In July, 2007, the

Company entered into an Administrative Services Agreement with Zimtu Capital Corp., a private BC company, which covers all administration and managerial services, corporate compliance and continuous disclosure services, staffing and basic office charges. In consideration for these services, Zimtu is paid a monthly fee of $90,000, plus GST. Filing and transfer agent fees of $44,818 are mainly comprised of the TSX annual listing fees which are based on the Company's current market capital.

Investor Relations

During the nine months ended July 31, 2008, the Company incurred total charges relating to investor relations of $795,724 compared to $535,313 during the comparative nine months ended July 31, 2007.

Investor relations charges include advertising and website costs (2008: $312,470, 2007: $258,708), travel and promotion (2008: $166,192, 2007: $64,952) and investor relations activities (2008: $317,062, 2007: $211,653). The Company currently has an investor relations agreement with AXINO AG, a German investor relations firm that handles investor relations activities in Germany and other European countries, as well as with Renmark Financial Communications Inc. All other activities and inquiries are handled internally by office staff.

Asset Backed Commercial Paper

As at the year ended October 31, 2007, the Company wrote down 20% on its holdings of asset-backed commercial paper ("ABCP") in line with current industry practice (see "Changes in Accounting Policy" below). The Company originally purchased $8,199,554 in ABCP through Canaccord Capital Inc. In December, 2007, the Pan-Canadian Investors Committee for ABCP announced an agreement in principal for a comprehensive restructuring of ABCP between all parties. The approval of the restructuring is subject to votes by all investors, of which the Company is one. While complex, the restructuring – expected to take place by the end of March, 2008 – will move all ABCP into three master conduits with short-term and long-term components. Portions of these will likely begin trading shortly after the restructuring is finalized. This agreement is intended to provide investors with some near-term liquidity as well as the opportunity to recover most or all of their principal over the longer term. The Company has adjusted the fair value of the ABCP it holds to reflect the present value of the expected future cash flow. The Company recorded a $1,639,911 adjustment in the fourth quarter ended October 31, 2007. No adjustments were made in the second quarter ended April 30, 2008.

Selected Annual Information

The following is a summary of the financial data of the Company for the last three completed fiscal year ends:

	Fiscal year ended October 31		
	2007	2006	2005
Total Revenues	Nil	Nil	Nil
Income (loss) from continuing operations	(3,716,372)	(1,408,476)	(310,432)
Income from continuing operations (per share)	(0.05)	(0.03)	(0.01)
Income from continuing operations (per share, fully diluted)	(0.04)	(0.02)	(0.01)
Net Income (loss)	(3,674,116)	(1,357,654)	(310,432)
Net Income (loss) (per share)	(0.03)	(0.03)	(0.01)
Net income (loss) (per share, fully diluted)	(0.02)	(0.03)	(0.01)
Net comprehensive income (loss)	(5,342,767)	(1,357,654)	(310,432)
Net comprehensive income (loss) (per share)	(0.05)	(0.03)	(0.01)

	Fiscal year ended October 31		
	2007	2006	2005
Net comprehensive income (loss) (per share, fully diluted)	(0.04)	(0.02)	(0.01)
Total assets	43,792,486	5,548,283	1,281,392
Total long term financial liabilities	Nil	Nil	Nil
Cash dividend declared per share	Nil	Nil	Nil

Summary of Quarterly Results

The following is a summary of the results from the eight previously completed financial quarters:

	July 31, 2008	April 30, 2008	January 31, 2008	October 31, 2007	July 31, 2007	April 30, 2007	January 31, 2007	October 31, 2006
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Income (loss) before discontinued and extraordinary items (Total)	(411,190)	(504,231)	(262,076)	(1,230,244)	(666,051)	(1,613,178)	(164,643)	(641,383)
Basic and diluted loss before discontinued and extraordinary items (Per share)	(0.00)	(0.005)	(0.00)	(0.01)	(0.01)	(0.04)	(0.004)	(0.03)
Net income (loss) (total)	(411,190)	(504,231)	(262,076)	(1,230,244)	(666,051)	(1,613,178)	(164,643)	(641,383)
Basic and diluted net loss (per share)	(0.00)	(0.005)	(0.00)	(0.01)	(0.01)	(0.04)	(0.00)	(0.03)

Liquidity and Solvency

The Company has total assets of $43,601,565. The primary assets of the Company are deferred resource property costs of $13,283,407, asset backed commercial paper carried at $6,559,643, marketable securities carried at $47,295 and cash (and cash equivalents) of $22,129,365. The Company has no long-term liabilities and has working capital of $22,534,812.

Capital Resources

The Company has had to rely upon the sale of equity securities for the cash required for capital acquisitions, exploration and development, and administration, among other things.

The capital resources of the Company include resource properties, carried at $13,283,407. The Company's intention is to commit further funds for continuing exploration activities.

The Company will continue to require funds to meet obligations under property agreements and, as a result, will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

All of the Company's properties are in the exploration stage only and all are without known bodies of commercial ore. Development of each of the properties will only follow upon obtaining satisfactory results. Exploration and development of natural resources involve a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of base and precious metals from the properties, such as tantalum and niobium. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control such as including international, economic and political trends, expectations of inflation, currency exchange fluctuations and interest rates.

The Company has no specific work commitments on its resource properties but, as discussed above, will continue to perform exploration work on its Blue River and Eldor properties.

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

Transactions with Related Parties

The Company incurred charges with directors of the Company and a company with a common director as follows:

	Third Quarter Ended July 31, 2008	Year ended October 31, 2007
Administration fees	-	$20,000
Consulting fees	$84,409	-
Deferred exploration and development costs	$2,258,4283	$1,519,564
Property investigation	-	$8,762
Wages and benefits	-	$106,840
	$2,342,837	$1,655,166

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

At the third quarter ended July 31, 2008, accounts payable includes $767,984 (July 31, 2007: $104,903) due to a director of the Company and a company with a common director. In addition the Company has a receivable of $nil (2007: $2,364) from a director of the Company. These amounts are non-interest bearing and have no specific terms of repayment.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities, amounts receivable, share subscriptions receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue

As the Company has not had significant revenue from operations in either of its last two financial years, the following is a breakdown of the material costs incurred:

	Third Quarter ended July 31, 2008	Year ended October 31, 2007
Capitalized or Expensed Exploration and Development Costs	$5,597,536	$4,455,618
General and Administration Expenses	$1,177,497	$4,258,489
Gain on sale of marketable securities	-	$1,310
Gain on sale of mineral properties	-	$17,660

Disclosure of Outstanding Share Capital

Authorized: unlimited number of common shares without par value.

Issued:

		Number	Amount
Balance, October 31, 2006		53,310,351	$ 9,156,025
Issued for Eldor property:	- at $1.38	735,000	1,014,300
Issued for cash:			
– Private placements	- at $0.32	1,585,625	507,400
	- at $1.20	27,291,817	32,750,180
Less: share issuance costs		263,212	(2,835,994)
– Exercise of warrants	- at $0.12	2,083,333	250,000
	- at $0.18	10,195,450	1,835,181
	- at $0.42	146,250	61,425
	- at $0.45	12,941,727	5,823,777
– Exercise of options	- at $0.10	600,000	60,000
	- at $0.15	500,000	75,000
	- at $0.18	700,000	126,000
	- at $0.20	100,000	20,000
	- at $0.21	113,000	23,730
	- at $0.30	500,000	150,000
	- at $0.35	135,000	47,250
	- at $0.40	50,000	20,000
	- at $0.50	187,500	93,750
Transfer of contributed surplus on exercise of options		-	419,628
Less: future income tax recovery on flow-through shares		-	(42,256)
Balance, October 31, 2007		111,438,265	$ 49,555,396
Issued for cash:			
– Private placements		-	-
Less: share issuance costs		-	-
– Exercise of warrants	- at $0.42	95,750	40,215
– Exercise of options		-	-
Transfer of contributed surplus on exercise of options		-	-
Less: future income tax recovery on flow-through shares		-	-
Balance, July 31, 2008		111,534,015	$ 49,595,611

Commitments:

The Company has granted 6,732,500 common share purchase options. These options were granted with an exercise price equal to their fair value on the date of the grant and vest immediately. Options outstanding and exercisable at the quarter ended April 30, 2008:

	July 31, 2008		October 31, 2007	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding as at October 31, 2007at the beginning of the year	6,732,500	$0.70	4,593,000	$0.24
Granted	-	-	5,100,000	$0.84
Exercised	-	-	(2,885,500)	$0.19
Forfeited	(62,500)	-	(75,000)	$0.10
Options outstanding, July 31 ,2008	6,670,000	$0.70	6,732,500	$0.70
Options exercisable, July 31, 2008	6,470,000	$0.63	5,532,500	$0.63

During the period ended July 31, 2008, a compensation charge associated with stock-based compensation in the amount of $nil (2007: $2,323,458) has been recorded in the statements of operations.

At July 31, 2008, the Company had 6,670,500 (2007: 6,732,500) share purchase options outstanding entitling the holders thereof the right to purchase one common share as follows:

Number		Exercise	
2008	2007	Price	Expiry Date
-	62,500	$0.50	June 9, 2008
250,000	250,000	$0.15	February 6, 2011
20,000	20,000	$0.18	February 20, 2011
250,000	250,000	$0.21	February 20, 2011
500,000	500,000	$0.30	March 15, 2011
550,000	550,000	$0.35	September 27, 2011
2,000,000	2,000,000	$0.67	March 16, 2012
500,000	500,000	$0.55	March 31, 2012
500,000	500,000	$0.75	March 31, 2012
550,000	550,000	$1.15	April 16, 2012
100,000	100,000	$1.25	April 17, 2012
250,000	250,000	$1.12	June 6, 2012
1,000,000	1,000,000	$1.00	September 20, 2012
200,000	200,000	$1.15	October 3, 2012
6,670,000	6,732,500		

Share Purchase Warrants: The following share purchase warrants are outstanding entitling the holder thereof the right to purchase one common share for each warrant held:

Number		Exercise	
July 31, 2008	October 31, 2007	Price	Expiry Date
1,343,625	1,439,375	$0.42	January 9, 2009
3,761,003	3,761,003	$1.50	June 26, 2009
14,674,600	14,674,600	$1.50	July 24, 2009
8,856,214	8,856,214	$1.50	August 1, 2009
28,635,442	28,731,192		

Critical Accounting Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Significant accounts that require estimates as the basis for determining the stated amounts include mineral properties and stock-based compensation.

Changes in Accounting Policies

Effective the commencement of its 2007 fiscal year, the Company has adopted the Canadian Institute of Chartered Accountants (''CICA'') Handbook Section 1530, *Comprehensive Income*, CICA Handbook Section 3251, *Equity*, CICA Handbook Section 3855, *Financial Instruments - Recognition and Measurement*, CICA Handbook Section 3861, *Financial Instruments - Disclosure and Presentation*, and CICA Handbook Section 3865, *Hedges*. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied.

Handbook Section 1530 also establishes standards for reporting and displaying comprehensive income. Comprehensive income is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles. A new category of shareholders' equity has been presented in relation to the new standards.

Under these new standards, all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities.

All financial instruments, including derivatives, are included on the balance sheet and are measured either at fair market value with the exception of loans and receivables, investments held-to-maturity and other financial liabilities, which are measured at amortized cost using the effective interest rate method. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification.

Held-for-trading financial instruments are measured at fair value and all gains and losses are included in the statement of operations in the period in which they arise.

Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the assets are removed from the balance sheet.

The standards also require derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized in the statement of operations unless specific hedge criteria are met, which requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

As a result of the adoption of these standards, the Company has classified its bonds and investments held in public companies as available-for-sale financial assets and are now measured at fair market value.

The Company has adopted this standard and accordingly, the Company now reports an "accumulated other comprehensive loss" in the shareholders' equity section of the balance sheet.

Proposed Transactions and Subsequent Events

There were no proposed transactions or events subsequent to July 31, 2008.

Evaluation of Disclosure Controls and Procedures

The Company's President and Chief Financial Officer have conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures. The Company evaluated the design of its internal controls over financial reporting as defined in Multilateral Instrument 52-109 for the period ended October 31, 2007 and based on this evaluation have determined these controls to be effective except as noted in the following paragraph.

This evaluation of the design of internal controls over financial reporting for the Company resulted in the identification of internal control deficiencies which are not atypical for a company this size including lack of segregation of duties due to a limited number of employees dealing with accounting and financial matters and complex accounting, reporting and taxation issues.

There have been no significant changes to the Company's internal controls over financial reporting during the nine month period ended July 31, 2008.

Additional Information

Additional information about the Company can be found on www.sedar.com.