Nortec Ventures Corp.

www.nortecventures.com TSX-V: NVT

NORTEC VENTURES CORP.
MANAGEMENT'S DISCUSSION and ANALYSIS
For the year ended December 31, 2008 **prepared as of March 16, 2009**

This Management's Discussion and Analysis ("MD&A") provides relevant information on the operations and financial condition of Nortec Ventures Corp. (the "Company") during the year ended December 31, 2008. This MD&A has been prepared as of March 16, 2009.

Except for historical information, this MD&A includes forward-looking statements which are subject to risks and uncertainties. Actual results may differ materially from those in such forward-looking statements. The Company assumes no obligation to update its forward-looking statements to reflect results, changes in assumptions or changes in other factors affecting such statements.

The MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008 and the Company's Annual Report. These financial statements can be found at www.nortecventures.com and on SEDAR at www.sedar.com.

All monetary amounts in this MD&A and in the Company's consolidated financial statements are expressed in Canadian dollars, unless otherwise stated. The Company's audited consolidated financial statements for the year ended December 31, 2008 include the results of operations of the Company's wholly owned subsidiary Nortec Ecuador S.A. ("NESA"). All of the financial information referenced below has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), applied on a consistent basis.

The Company's Management is responsible for the preparation of the consolidated financial statements and the notes thereto and this MD&A. The Company's auditors are appointed annually by the shareholders to conduct an audit of the annual consolidated financial statements in accordance with Canadian generally accepted auditing standards.

COMPANY OVERVIEW

The Company is a Canadian junior resource company involved in mineral exploration activities in Canada, Ecuador and Finland. Its active properties are as follows:

Property	Optionor	Interest to be Earned	Location	Agreement Date
TL Property	Vulcan Minerals Inc.	51%	Canada	May 14, 2003
Ganarin Property	Doubloon Exploration Corp.	49%	Ecuador	April 18, 2005
Kaukua Property	Akkerman Exploration B.V.	70%	Finland	July 29, 2008

The Company's primary objective is to explore mineral properties to a stage where they can be developed profitably or sold to a third party. The present focus is on precious and base metal properties.

The Company meets these objectives by acquiring high-value primarily precious and base metal properties that can be advanced and developed into situations with reserves. The Company's management and board of directors have extensive mineral industry and business experience around the world. The seven directors of the Company combine expertise in exploration geology, mining development and operations, and mineral industry accounting, financing and operational control.

The Company completed the phase I and II exploration programs on the TL Property as recommended by William. J. Scott, Ph.D., P.Eng., of GeoScott Exploration Consultants, St. John's, Newfoundland, in 2004 and late 2005. The program consisted of geological mapping, geophysical surveys (UTEM, magnetometer) gravity surveys and 2,300 meter diamond drilling program.

The Company incorporated its Ecuadorian subsidiary, Nortec Ecuador S.A. (NESA), in June 2006 and exploration work commenced on the Ganarin property. First phase detailed mapping, trenching, sampling and analysis have been completed. Land use access agreements have been signed, drilling permits have been received and phase one drilling completed. A total of 1,612 metres has been drilled.

In June, 2006, the Company entered into an option agreement with Akkerman Exploration B.V. ("AEBV"), of the Netherlands, to form a joint venture on the Koillismaa-Naranka nickel-copper-PGE (platinum group elements) project in northeastern Finland. The Company was earning a 60% interest in the property. Exploration work began in the third quarter 2006 and a helicopter-borne deep penetrating time domain electromagnetic (TDEM) airborne survey was completed in the fourth quarter 2006. The Company began drilling the property in June, 2007 and completed the 1st Phase of this program in October, 2007. The Company has since abandoned this property in order to focus on exploration of Kaukua property, also in Finland.

On July 23, 2007 the Company entered into a memorandum of understanding with Akkerman Exploration B.V. (AEbv) to explore the Kaukua platinum, palladium, gold property in northeastern Finland. The Company completed Phase 1 drilling in November, 2007. On July 29, 2008, the Company entered into a formal option agreement with AEBV to earn a 70% interest in the Kaukua property by making option payments of €190,000 (in cash or shares) and incurring initial exploration expenditures of €600,000 over three years from the date of the option agreement. As of the date of this MD&A the Company has met these requirements and earned its 70% interest in the Kaukua property. The Company has the right to earn an additional 10% interest in the Kaukua project by completing an additional €2,500,000 of exploration expenditures on the property or completing a bankable feasibility study, whichever occurs first

On August 4, 2008, the Company entered into an option agreement with Vulcan Minerals Inc. ("Vulcan") to acquire 51% interest, with an option to earn 100%, in the Kingurutik River property ("Kingurutik property") located in northern Labrador. The Company had the right to earn a 51% working interest by incurring $1,500,000 of exploration expenditures, paying $200,000 and issuing 3,000,000 common shares over a four year option period. The Company also had the option to acquire the remaining 49% interest in the property within 90 days from the date of exercising the first option by issuing to Vulcan shares up to 19.9% of the Company's fully diluted share capital attributable to the value of the Kingurutik Property or 9,000,000 shares, whichever number of shares is greater. The option agreement was approved by TSX Venture Exchange on June 26, 2008. The Company has since abandoned this property in order to focus on exploration on its other properties.

FINANCIAL RESULTS OF OPERATIONS

Annual

The following table sets forth, selected financial data of the Company for, and as of the end of, each of the last three completed financial years ending December 31.

Financial Year Ended	2008	2007	2006
Interest Revenue	$46,359	$66,463	$Nil
Net Loss	$2,518,722	$725,692	$291,238
Shares outstanding	72,060,834	60,781,334	36,489,116
Loss per share	$0.03	$0.01	$0.01
Total Assets	$7,195,026	$6,494,079	$2,730,367
Long Term Debt	$Nil	$Nil	$Nil
Total Liabilities	$246,631	$60,763	$68,422
Financing	$2,824,915	$3,879,438	$1,419,137
Mineral Interests	$6,435,160	$3,972,829	$2,522,147
Dividends paid	$Nil	$Nil	$Nil

Total operating costs for 2008 were $1,252,425 (2007 - $792,155). Included in these operating costs are stock based compensation costs ("SBC") for 2008 in the amount of $435,186 (2007 - $359,191). SBC costs increased year over year due to the increase in options granted. In 2008 4,459,163 options were granted (2007 - 1,675,000). In 2008, $407,506 stock based compensation costs (2007 - $349,998) were expensed during the year, and $27,680 (2007 - $9,193) was capitalized as mineral interest costs. See Note 8c) in the Company's audited financial statements for the year ended December 31, 2008 for details on the Company's outstanding stock option grants. SBC accounted for 32% (2007 – 44%) of the Company's operating costs. Beginning July 1, 2008 the Company entered into an employee employer relationship with its support personnel and recorded salary costs of $251,500 for the six month period ending December 31, 2008. Prior to this January 1, 2008 to June 30, 2008 the Company employed consultants and shared the services of operating personnel with another company, the cost of which was $61,250. The increase in costs was due to the Company taking on 100% of these costs in the second half of the year and appointing a Vice President, Exploration where as in the first half these costs were being shared with the company providing these services. The Company recorded promotion costs in the amount of $97,416 (2007 - $62,954), which represents an increase of $34,462 over the prior year due in part to the hiring of an investor relations consultant and promotion costs incurred in Europe. The Company spent $81,479 (2007 - $25,945) searching and investigating new properties, mainly in Ecuador.

The Company's capitalized mineral interest costs as at December 31, 2008 were $6,435,160 (2007 - $3,972,829). In 2008 the Company's cash costs for mineral property acquisitions and exploration was $3,817,223 (2007 - $1,160,514). The Company's main area of activity in 2008 was in Finland with $2,192,257 total expenditures being incurred on the Kaukua property. The Company was also active drilling the TL property in Labrador incurring exploration costs there in the amount of $1,395,266.

The Company's capitalized mineral interest costs as at December 31, 2008 are as follows:

	TL Property Labrador	Ganarin Property Ecuador	Kaukua Property Finland	Total
Acquisition costs	$ 150,723	$ 91,394	$ 150,118	$ 392,235
Exploration costs	2,507,672	1,247,407	2,287,846	6,042,925
Total	**$ 2,658,395**	**$ 1,338,801**	**$ 2,437,964**	**$ 6,435,160**

The Company's capitalized mineral interest activity for the year ended December 31, 2008 is as follows:

	TL Property Labrador	Ganarin Property Ecuador	Condorocha Property Ecuador	Koillisima Property Finland	Kaukua Property Finland	Kingurutik Property Labrador	Total
Projects December 31, 2007	$ 1,263,129	$ 1,180,160	$ 63,661	$ 1,220,172	$ 245,707	$ -	$ 3,972,829
Activity 2008:							
Acquisition costs	20,000	-	-	-	144,693	72,000	236,693
Exploration costs	1,375,266	158,641	-	7,956	2,047,564	237,167	3,826,594
Total	**1,395,266**	**158,641**	**-**	**7,956**	**2,192,257**	**309,167**	**4,063,287**
Write-off	-	-	(63,661)	(1,228,128)	-	(309,167)	(1,600,956)
Projects December 31, 2008	**$ 2,658,395**	**$ 1,338,801**	**$ -**	**$ -**	**$ 2,437,964**	**$ -**	**$ 6,435,160**

Quarterly

The following table sets forth selected financial data of the Company for, and as of the end of, each of the last eight completed financial quarters:

Quarter ended	December 31, 2008	September 30, 2008	June 30, 2008	March 31 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007
Interest Revenue	$6,654	$11,609	$5,290	$22,806	$30,060	$36,403	$Nil	$Nil
Net Loss	$809,456	$426,304	$229,611	$1,053,351	$282,222	$138,909	$200,574	$103,987
Shares outstanding	72,060,834	72,060,834	60,781,334	60,781,334	60,781,334	60,781,334	53,034,834	45,689,116
Loss per share	$0.01	$0.01	$0.00	$0.02	$0.00	$0.00	$0.01	$0.00
Mineral property expenditures, net	$724,399	$2,373,851	$803,668	$161,369	$518,469	$290,079	$288,888	$83,212

Mineral interest expenditures in the fourth quarter 2008 amounted to $724,399, as compared to $518,469 in the comparative period ended December 31, 2007. The Company's exploration expenditures on the Kaukua property in Finland, accounted for $686,711 of the fourth quarter expenditures.

Further details on the Company's mineral interests can be found in Note 7 in the audited consolidated financial statements for the year ended in December 31, 2008 and the Company's audited consolidated financial statements for the year ended December 31, 2007. These financial statements can be found at www.nortecventures.com and on SEDAR at www.sedar.com.

Operating expenses for the quarter ending December 31, 2008 were $431,988 (2007 - $282,222). This increase of $149,766 is due mainly to increased stock based compensation expenses recorded in the quarter due to increased stock option grants and increased salary and payroll costs due to the Company hiring full time staff as opposed to part time services supplied by another company. This salary and payroll cost versus hired services anomaly will continue through to the end of the 2nd quarter 2009 when the Company will have experienced a full year operating scenario with its own operating personnel.

		Quarter ended December 31, 2008		Quarter ended December 31, 2007
Stock based compensation	$	185,111	$	146,643
Salaries and payroll, expenses		132,334		-
Administration, technical, accounting and management services		-		32,250

Annual

Net loss for the year ended December 31, 2008 was $2,807,022 as compared to the net loss of $725,692 incurred during the year ended December 31, 2007. The majority of this increase of $2,081,330 is due to the write-off of the Koilisima and Kingurutik mineral properties in the amount of $1,600,956. The remainder of increase in expenses of $480,374 is shown in the table following:

Expense:		Year ended December 31, 2008		Year ended December 31, 2007		Increase (decrease) in expenses
Stock based compensation	$	407,506	$	349,998	$	57,508
Salaries and payroll costs		251,500		-		251,500
Advertising and promotion		97,416		62,954		34,786
Property research		81,749		25,945		55,804

Management consulting fees		76,900		72,530		4,370
Consulting fees		64,645		30,000		34,645
Accounting and audit		52,563		67,773		(15,210)
Legal fees		48,988		31,356		17,632
All other expenses, net		124,799		85,460		39,339
Total	$	1,206,066	$	725,692	$	480,374

Stock based compensation represents 32% (2007 - 44%) of the Company's total expenses for the year ended December 31, 2008. The decrease in percentage terms was due to the increase in other operating expenses. Total number of stock options outstanding as at December 31, 2008 was 10,694,163.

The Company began incurring salary and payroll costs during the third quarter of 2008. This is a change from prior operating periods. Previously the Company paid a related company (directors in common) for services provided. Effective July 7, 2008 this arrangement was terminated. The Company has hired and is now employing management, geological, accounting, secretarial and clerical service staff directly.

Advertising and promotion costs increased by $34,786 over the same year ended December 31, 2007 due to acquiring the services of an investor relations consultant and company promotion expenses in Europe.

New property research costs increased by $55,804 over the same year ended December 31, 2007 due to increase in activity relating to examination of new properties in Ecuador.

Management fees increased by $4,370 over the same year ended December 31, 2007. These fees represent compensation paid to the Company's Chief Executive Officer for services relating to the first half of the year and to the Chief Financial Officer for services for the year ended December 31, 2008.

Consulting fees have increased by $34,645 over the same year ended December 31, 2007 relating to consulting services provided a Director of the Company in connection with identifying new property acquisitions in Ecuador.

Accounting and audit fees decreased in the period by $15,210 over the same year ended December 31, 2007 due to services provided by a related party being replaced by salaried personnel.

Legal fee costs increased by $17,632 over the same year ended December 31, 2007. The Company incurred additional legal fees in connection with the preparation of new property agreements, investor relations agreements and amendments to the warrant terms and stock option plans.

The total cost of all other expenses have increased by $39,339 over the same year ended December 31, 2007. The Company's general and administrative costs will continue to increase when compared to 2007 and the first half of 2008 due to the loss of its office sharing and manpower sharing arrangement with a former related company, effective July 7, 2008.

LIQUIDITY AND CAPITAL RESOURCES

The Company's ability to meet its obligations and its ability to finance exploration and development activities depends on its ability to generate cash flow through the issuance of common shares pursuant to private placements, the exercise of warrants and stock options, and short term or long term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's shares, restricting access to some institutional investors. The Company's growth and success is dependent on external sources of financing which may not be available on acceptable terms.

The Company has not yet determined whether any of its properties contain mineral deposits that are economically recoverable. The recoverability of any amounts shown as deferred mineral interest costs is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of its properties.

While the Company's consolidated financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events cast significant doubt on the validity of this assumption. For the year ended December 31, 2008, the Company reported a loss of $2,518,722 and as at that date had an accumulated deficit of $4,422,343. In addition, as of December 31, 2008, the Company's working capital of $405,834, which is not sufficient to finance the next 12 months of operations. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings, option agreements, or through other arrangements. However, there can be no assurance that these activities will be successful.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

The table following sets forth the Company's working capital position as at December 31, 2008, December 31, 2007:

	December 31, 2008	December 31, 2007
Working capital	405,834	2,461,484

The table following sets forth the Company's cash, short-term investments and accumulated deficit as at December 31, 2008 and preceding three years:

		December 31, 2008		December 31, 2007		December 31, 2006		December 31, 2005
Cash and cash equivalents	$	49,948	**$**	485,846	$	141,232	$	65,111
Short-term investments	$	400,000	**$**	1,930,000	$	-	$	-
Accumulated deficit	$	4,422,343	**$**	1,903,621	$	1,177,929	$	886,691

The Company's cash position was reduced by $435,898 over the year ending December 31, 2008 as follows;

Cash used for operating activities	$	(878,264)
Cash used for mineral properties		(3,817,223)
Cash used to purchase furniture and equipment		(101,345)
Total cash used in the period		(4,796,832)
Cash from financing activities		2,824,915
Cash from redemption of short term investments		1,536,019
Total cash received		4,360,934
Net reduction in Company's cash position	$	(435,898)

As at December 31, 2008 the Company has outstanding payments to suppliers in the amount of $246,631. As at December 31, 2007 the Company had outstanding payments to suppliers in the amount of $43,572.

Current Year Financing

On August 14, 2008 the Company closed a brokered private placement of 7,000,000 units at a price of $0.27 per unit for a total gross proceeds of $1,890,000. Each unit consisted of one common share of the Company and one-half of one transferable common share purchase warrant. Each whole warrant can be exercised to acquire one additional share at an exercise price of $0.45. The warrants expire on February 14, 2010.

As consideration for having acted as agent, the agent received a commission of $110,104 and 79,500 units. Each unit consisted of one common share of the Company and one-half of one transferable common share purchase warrant. Each whole warrant can be exercised to acquire one additional share at an exercise price of $0.45. The warrants expire on February 14, 2010. In addition, the agent received 409,163 compensation options valued at $54,483. Each compensation option will entitle the agent to purchase one common share of the Company at a price of $0.30 per common share. The options expire on February 14, 2010. The options are fully vested on completion of the four month holding period. All securities and warrants issued in the offering will have a hold period of four months from the date of closing and ending on December 15, 2008.

The Company completed a non-brokered private placement of 4,000,000 units at a price of $0.27 per unit. Each unit consisted of one share of the Company and one-half warrant. Each whole warrant can be exercised to acquire one additional share at an exercise price of $0.45. The warrants expire on February 14, 2010. This private placement was completed in two tranches. The first tranche consisting of 2,855,185 units for gross proceeds of $770,900, was completed August 14, 2008. The second tranche consisted of 1,144,815 units for gross proceeds of $309,100 was completed September 5, 2008.

Prior Year Financing

On March 30, 2007 the Company completed a non-brokered private placement for the issuance of 9,200,000 common shares at a price of $0.15 per share for gross proceeds of $1,380,000. On March 30, 2007 the Company also issued 4,300,000 special warrants at a price of $0.15 per warrant for gross proceeds of $645,000. These special warrants were held in escrow until shareholder approval was obtained and the special warrants were automatically converted to 4,300,000 shares of the Company on July 6, 2007 for no additional consideration.

On June 7, 2007 and July 4, 2007 the Company completed non-brokered private placements of 1,720,000 and 2,000,000 flow through units at a price of $0.25 per flow-through unit for gross proceeds of $430,000 and $500,000 respectively. Each unit consisted of one common share and one non-transferable common share purchase warrant which is exercisable to acquire one non flow through common share of the Company. 1,720,000 warrants can be exercised on or before June 7, 2008, and 2,000,000 warrants can be exercised on or before July 4, 2008. Approval has been received from the TSX Venture Exchange to extend the expiration dates to June 7, 2009 and July 4, 2009.

To complete the above fiscal 2007 private placements, the Company also incurred legal and filing fees of $33,549.

On June 28, 2007, the Company issued 783,134 common shares valued at $0.33 per share for total value of $258,434 in lieu of its June 14, 2007 Koillismaa-Naranka Property (Finland) option payment of €100,000.

Requirement of Additional Equity Financing

The Company relies primarily on equity financings for all funds raised to date for its operations. The Company needs more funds to finance its exploration programs and ongoing operating costs. Until the Company starts generating profitable operations from the production of concentrate or metal, the Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions.

SHARE CAPITAL

The following tables summarize the Company's share capital transactions for the period ended December 31, 2008.

Common Shares:

Balance December 31, 2007	60,781,334
Shares issued	11,279,500
Balance December 31, 2008	72,060,834

Warrants:

Balance December 31, 2007	3,936,000
Exercised	Nil
Issued	5,539,750
Expired	(216,000)
Balance December 31, 2008	9,259,750

Stock Options:

Balance December 31, 2007	6,235,000
Issued	4,459,163
Balance December 31, 2008	10,694,163

As at December 31, 2008, 7,737,913 stock options were fully vested.

On a fully diluted basis the number of common shares as at December 31, 2008 - 92,014,747.

RELATED PARTY TRANSACTIONS AND BALANCES

For the year ended December 31, 2008 the Company paid or accrued the following payments to related parties:

		December 31, 2008		December 31, 2007
Management and consulting fees paid to directors, officers and their companies	**$**	**138,500**	$	102,800
Office rent paid to a company with directors in common*	**$**	**10,800**	$	14,460
Office services paid to a company with directors in common *	**$**	**22,750**	$	62,100

*Effective July 4, 2008, the Company ended its relationship with a company with directors in common that was providing office space and office services.

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

MINERAL INTERESTS

Tasisuak Lake (“TL”) Property

The TL nickel-copper property located 50 kilometres northwest of Inco's large Voisey's Bay nickel-copper deposit in northern Labrador consists of 121 claims totalling 3,025 hectares. To date, three phases of exploration drilling have been completed on the TL property. The second and third phases of drilling were carried out by the Company in 2005 and 2008 respectively. The first phase was carried out by Consolidated Magna Ventures Ltd. and Consolidated Viscount Resources Ltd. in 1995 and 1996.

The second phase exploration work was completed in 2005. The third phase of drilling was completed last quarter. Fourteen diamond drill holes (holes 41 to 54) were drilled for a total of 2,300 metres on five targets identified by geophysical methods and geology. Drill core was cut and the splits were analyzed for nickel, copper and cobalt by Eastern Analytical Labs of Springdale, Newfoundland, Canada. The five targets tested by drilling are the Pond zone anomaly, West anomaly, B1 anomaly, Goose Feather anomaly and the All-About-It East anomaly. Two holes returned significant results, drill holes 44 and 54. Drillhole 54 returned from 5.5 metres to 13.8 metres (8.3 metres) of 0.84% Nickel and 0.37% Copper (including 5 metres of 1.19% Nickel and 0.53% Copper). Drill hole 44 returned from 65.3 metres to 69.75 metres (4.45 metres) of 0.25% Nickel and 0.08% Copper.

Based on these encouraging results, the Company signed an agreement with Geotech Ltd. ("Geotech"), an airborne geophysical company, to acquire high resolution magnetic and time domain deep penetrating electromagnetic data ("VTEM") over the property. The survey was completed in the second quarter of 2008 and covered the three licensed areas. The report on the interpretation of the results was submitted by Geotech to the Company in the third quarter of 2008. These results and interpretation assisted in targeting potential magmatic Nickel–Copper–Cobalt massive sulphide bodies for the third phase drill program.

A contract was signed with Cartwright Drilling of Goose Bay, Labrador, to conduct a third phase 2,000m drill program on the TL Property. Drilling began early July, 2008 and was completed in mid August, 2008 for a total of 1,961 metres. The main VTEM target areas tested by this third phase of drilling are the Long Pond anomaly, No Baccy anomaly, the All-About-It anomaly, the B-zone anomaly and the Goose Feather anomaly. A total of 326 samples were cut and the splits analyzed for nickel, copper, cobalt (as part of a multi-element suite) by Accurassay Labs of Gambo, Newfoundland, Canada. The significant results are as follows;

- 14 metres of 1.02 per cent Ni, 0.51 per cent Cu and 0.03 per cent Co (hole 08-AA-60);
- Nine metres of 1.02 per cent Ni, 0.55 per cent Cu and 0.04 per cent Co (hole 08-LP-55);
- Three metres of 1.04 per cent Ni, 0.38 Cu and 0.03 per cent Co (hole 08-LP-56);
- Three metres of 1.01 per cent Ni, 0.39 per cent Cu and 0.04 per cent Co (hole 08-AA-62).

Drill holes 63, 67-72 tested a series of VTEM Anomalies in the B, F and A zones and did not encounter any significant nickel-copper mineralization. However, three of the holes did encounter a massive pyrrhotite zone up to 3 meters in thickness with gold enrichment of 1 gram/tonne over 2 metres in hole 68. As well, some zones of anomalous platinum (Pt) and palladium (Pd) were encountered. Hole 63 encountered the thickest gabbroic body over 69.4 metres though no significant mineralization was encountered.

An assessment report was compiled and submitted to the Department of Natural Resources of Newfoundland and Labrador in October 2008. No further exploration work was carried out this quarter.

During the year ended December 31, 2008, the Company has recorded acquisition and exploration costs on this project of $1,395,266 (2007 - $1,263,129).

Ganarin Property, Ecuador

On April 18, 2005 the Company entered into an option agreement with Doubloon Exploration Corp. to acquire a 49% interest in the Ganarin-Condorcocha group of projects located in Azuay Province Southern Ecuador. This group of projects consisted of the Ganarin Property and the Condorcorcha Property. As of December 31, 2008, the accumulated acquisition and exploration costs on the Ganarin Property were $1,338,801 (2007 - $1,180,160). The Ganarin Property consists of the following projects:

Chamana Project:

Chamana covers four zones, Chamana Oeste, Chamana Este, Chamana Nor-oeste and Chamana Nor-este with a surface area of 600 metres by 500 metres. Intense silicification, quartz-chalcedony breccias and vuggy-druzy quartz stockwork zones, including silica sinter deposits, were delineated in the

Chamana area. Detailed grid soil sampling on a line spacing of 25 metres over the four breccia zones identified gold soil geochemical anomalies with values as high as 2 grams/tonne gold. In 1993 Newmont drilled 6 random rotary holes in the area. One of the holes was designed to intersect the Chamana Oeste breccia zone at depth. The hole was terminated at the top of the breccia zone due to drilling problems, but it returned 3.6 grams/tonne gold over 1.5 metres at the bottom of the hole.

During the third quarter 2006 eight drill holes were completed totalling 1,180 metres. Further drilling is required to determine the structural controls of the epithermal gold-silver mineralization as well as the geochemical soil anomalies. Details of drilling results to date can be referred to on the Company's website at www.nortecventures.com

Rio Minas Project:

In 2005, detailed mapping and systematic follow-up sampling of the high grade zones is continuing on the Rio Minas zone. Very significant gold values (greater than 1,500 grams/tonne gold over 30 centimetres) were obtained from smectite/clay fracture fillings with rounded chalcedony fragments. These fracture fillings are hosted in very tight rhyolite welded tuffs, suggesting tops of epithermal systems. One drill hole of 140 metres was completed in the third quarter 2006 to test the zone at depth and did not return any significant results.

Loma La Cruz Project:

Gold-silver mineralization at Loma La Cruz is present in intensive pyritifereous argillic and propylitic alteration zones with anhydrite, quartz and calcite fracture-fillings and veinlets. One drill hole of 286 metres was completed in the third quarter of 2006 to test the zone at depth. The drill hole returned minor values in gold and silver.

Mineralization with associated hydrothermal alteration at Ganarin is exposed over an area of 1.5 kilometers (north-south) by 800 meters (east-west) and up to 300 meters vertically. Samples of vein material extracted by artisan miners assayed 8.5 to 145 grams/tonne gold and 9.8 to 49.7 grams/tonne silver. These values are consistent with low to medium sulphidation epithermal "bonanza" deposit model.

The economic potential of Ganarin Property has not been adequately tested yet. The Company has recorded acquisition and exploration costs on this project of $1,338,801 (2007 - $1,180,160). The Company will continue to assess on whether to retain this property or to abandon it.

The new mining law that was recently introduced in Ecuador does not apply to the Ganarin project because this property was acquired under the old mining law.

<u>Condorcocha Property, Ecuador</u>

On April 18, 2005 the Company entered into an option agreement with Doubloon Exploration Corp. to acquire a 49% interest in the Ganarin-Condorcocha group of projects located in Azuay Province Southern Ecuador. As of December 31, 2008, the accumulated acquisition and exploration costs on this Condorcorcha Property were $63,661 (2007 - $63,661). No exploration costs were incurred in 2008.

The Condorcocha Property consisted of the following projects:

- *Daligshi Project,*
- *Shagli I and II Projects,*
- *Condorcocha Project and*
- *Paredones del Inca I Project.*

Combined project area covered 7,225 hectares.

Detailed soil sample surveys both on contours and on grids were completed on the Shagli and Condorcocha claims in 2005. Results identified only narrow, weakly anomalous zones of gold mineralization often associated with quartz veins and veinlets in Eocene andesitic rock. Due to inconclusive results, no further exploration by the Company was carried out over the Condorcocha Property.

Under the new Ecuadorian mining and exploration regulations instigated in early 2008, all the claims that make up the Condorcocha Property were forfeited from Doubloon Exploration Corp. due to the lack of exploration expenditure on the claims since 2005. The Company has subsequently informed Doubloon that it will undertake no further exploration on this property. Consequently the accumulated acquisition and exploration costs were written off in the 4th quarter of 2008.

Koillismaa-Naranka Project, Finland

On June 14, 2006, the Company entered into an option agreement with Akkerman Exploration B.V. (“AEbv”), of the Netherlands, to form a joint venture on the Koillismaa-Naranka nickel-copper-platinum group elements (PGE) project in northeastern Finland. The Company had the right to earn an undivided 60% interest in Koillismaa-Naranka by incurring initial exploration expenditures of €750,000, issuing 400,000 shares and paying cash option payments of €250,000 over an earn-in period of two to three years from the date of the agreement.

During the second quarter of 2008, the Company terminated its option agreement. A total of $1,228,128 in accumulated acquisition and explorations costs were written off. The relinquishment report for all work conducted by the Company on the Koilismaa-Naranka Project was submitted in January 2009, by AEbv to the Finland Ministry of Mines.

Kaukua Project, Finland

On July 29, 2008, the Company entered into an option agreement to earn an undivided 70% interest in the Kaukua platinum – palladium – gold property located in north-eastern Finland pursuant to the Memorandum of Understanding signed on July 27, 2007. The agreement requires the Company make option payments of €30,000 and €60,000 which has been paid and a remaining €100,000 option payment or Initial Exploration Expenditures of €600,000 over an Earn-In period of 3 years. The option agreement was signed by the Company having received confirmation from the Finnish ministry that the exploration licenses for the property have been obtained.

As at August 31, 2008 the Company has earned its 70% interest in the Kaukua property.

The Company has the right to earn an additional 10% interest in the Kaukua project by completing incurring additional €2,500,000 of exploration expenditures on the property or completing a bankable feasibility study, whichever occurs first

The Company completed Phase 1 drilling in November, 2007 for a total of 1,025 metres of core drilling over seven drill holes. All holes were between 110 and 170 metres in depth. Drill core from hole KAU07-04 returned 1.6 g/t PGE and Au over 35 metres. Drill core from hole KAU07-07 returned 1.3 g/t palladium over 41 metres and 2.38 g/t Au over 11 metres.

The Company completed Phase 2 drilling program in April 2008. Phase 2 consisted of 7 drill holes totalling 1,163 meters ranging in depth from 100 to 200 meters. The drilling program covered the down dip and strike extensions of the higher grade mineralization intersected in previously reported drill holes Kau07-004, Kau07-007, Kau07-002, Kau07-003 and GTK_R-405. Drill hole Kau08-009 returned over 30 meters of 1.95 grams/tonne PGE and Gold including 10.5 meters of 3.05 grams/tonne. These are the most significant PGE and Gold results from all the holes reported to date. Drill hole Kau08-008 also returned high values of 31 meters of 1.29 grams PGE and Gold including 19 meters of 1.66 grams/tonne. Phase 1 and Phase 2 programs, totalling 2,188 meters, covered an area 600 meters by 250 meters. The thickness of the mineralization intersected to date averages 30 meters.

Based on the continuing encouraging drill results from the first 2 phases of drilling, the Company signed a contract with Nivalan Drilling of Nivalan, Finland to conduct an initial third phase 3,000m drill program on the Kaukua Property. Drilling began early July on the Kaukua Property and was completed this quarter. Samples were cut and the splits were analyzed for platinum, palladium, gold, nickel, copper, and cobalt (as part of a multi-element suite) by Labtium of Rovaniemi, Finland. All results have been received.

The Company also engaged SJ Geophysics of Vancouver, to carry out a 3-D (three dimension array) Induced Polarization (IP) survey in areas to the south and west of the mineralized zone intersected by drilling to date. This has assisted in further targeting the higher grade mineralization.

A total of 38 holes were drilled at Kaukua by the Company in 2007 and 2008. The Phase III drilling program was completed for a total of 24 holes (Kau08-015 to Kau08-038) drilled to date totalling 5,992 metres ("m"). The Phase III drilling program was designed to extend the trace of known mineralization to 800m along strike and 350m down-dip. The Phase III drilling program also included 3 exploration holes targeting the geophysical chargeability anomaly identified from the 3D-Induced Polarization ("IP") survey. The drill results suggest that the mineralisation appears to be coincident with the chargeability anomalies. The most significant results to date are:

- 65.00m @ 1.57g/t PGE+Au from 153.0m (Hole Kau08-018)
- 20.00m @ 1.12g/t PGE+Au from 79.0m (Hole Kau08-015)
- 30.70m @ 1.02g/t PGE+Au from 90.3m (Hole Kau08-017)
- 11.50m @ 2.95g/t PGE+Au from 218.00m (Hole Kau08-026)
- 58.00m @ 1.28g/t PGE+Au from 140.90m (Hole Kau08-020)
- 70.00m @ 1.00g/t PGE+Au from 150.20m (Hole Kau08-023)
- 44.70m @ 1.06g/t PGE+Au from 163.00m (Hole Kau08-024)
- 24.85m @ 1.23g/t PGE+Au from 118.65m (Hole Kau08-037)
- 4.25m @ 2.05g/t PGE+Au from 234.50m (Hole Kau08-027)
- 6.45m @ 1.45g/t PGE+Au from 158.55m (Hole Kau08-029)

PGE and gold mineralization at Kaukua is intimately associated with significant Nickel and Copper values and is predominantly hosted in the lower pyroxenite, peridotite and gabbronorite phases of the Kaukua block of the Koillismaa intrusive complex near the footwall contacts with the Precambrian basement K-feldspar rich and siliceous granites.

Drilling continues to delineate the mineralized zone beyond 800m in strike and is open along strike to the west. There is down-dip continuity to at least 350m from near–surface and is open to the south and southwest. Based on these latest results, the mineralized zone is approximately 25m in width with a drill intercept weighted average grade of 1.08g/t PGE+Au, 0.15% Cu and 0.11%Ni. In house resource estimates are currently being determined. The Kaukua Project continues to show the potential for hosting significant PGE+Au, Cu and Ni mineralization.

Exploration potential to the south of the main zone of drilling is considered very high. A large 800m long by 200m wide 3D-IP geophysical anomaly was tested by 3 widely spaced exploration drill holes. These holes intersected very similar styles of geology and mineralization, albeit at deeper levels. The Company believes that should the laboratory results from these three holes be favourable and potentially mirror existing weighted average results from the main zone at Kaukua, the resource potential of the Kaukua Project is expected to increase substantially.

Detailed analysis and results of Phase 1 and 2 drilling can be found on the Company's website and on SEDAR at www.nortecventures.com and on SEDAR at www.sedar.com.

As of December 31, 2008, the Company has recorded acquisition and exploration costs on this project of $2,437,964 (2007 - $245,707).

Kingurutik River Property, Canada

On August 4, 2008, the Company entered into an option agreement with Vulcan Minerals Inc. ("Vulcan") to acquire 51% interest, with an option to earn 100% interest, in the Kingurutik River property ("Kingurutik") or ("the Property") located in northern Labrador, ten kilometres west of the Teck Cominco/Benton Resources' Kingurutik Lake project and immediately west of Celtic Minerals' Kingurutik Property. The Property is located 90 kilometres northwest of CVRD's Voisey's Bay Nickel – Copper –

Cobalt mine. The Company will have the right to earn a 51% working interest by incurring $1,500,000 of work expenditures and paying Vulcan $200,000 in cash and issuing 3,000,000 common shares over a four year option period. The first year commitment includes an airborne magnetic and electro-magnetic survey of the property. The initial cash payment of $10,000 was made in the previous quarter and the 200,000 shares of the Company were issued August 5, 2008.

After earning its 51% interest, the Company can acquire the remaining 49% interest in the property by issuing to Vulcan the greater of:

(i) An amount of shares equal to 19.9% of the Company's fully diluted share capital at the time of exercise of the option. The 19.9% will include 3,000,000 shares to be issued while earning the 51% interest, and will represent 19.9% of the Company's value attributable to the value of Kingurutik property; or

(ii) 9,000,000 shares.

Vulcan will retain a 10% net profits interest in all minerals produced from the property convertible at any time to a 2% net smelter return royalty. The letter of understanding shall be incorporated into a formal option agreement subject to TSX Venture Exchange approval. The Company will be the operator of the project.

The Kingurutik River property covers 234 claims (approximately 6,070 hectares or 15,000 acres) of Nain Plutonic Suite rocks. Work on part of the property by a previous operator included an airborne magnetic and frequency domain electromagnetic survey in the mid 1990's. That survey identified several coincidental magnetic and electro-magnetic anomalies with individual anomalies up to 800 metres in length.

In March 2008, the Company signed an agreement with Geotech Ltd. ("Geotech"), an airborne geophysical company, to acquire high resolution magnetic and time domain deep penetrating electromagnetic data ("VTEM") over the property. The survey was completed last quarter and had covered the three licensed areas. The report on the interpretation of the results submitted by Geotech to the Company assisted in targeting potential magmatic Nickel–Copper–Cobalt massive sulphide bodies.

Cartwright Drilling of Goose Bay, Labrador conducted a first phase-reconnaissance drill programme on the property. Drilling began mid August, 2008 and was completed in late August, 2008 for a total of 321 metres. The main VTEM target area tested by this reconnaissance drilling is the "A" anomaly. A total of 46 samples were cut and the splits were analyzed for nickel, copper, cobalt (as part of a multi-element suite) by Accurassay Labs of Gambo, Newfoundland, No significant results were returned.

As of December 31, 2008, the Company has recorded acquisition and exploration costs on this project of $309,167 (2007 - $Nil). This quarter, the Company has terminated its option agreement and accumulated acquisition and explorations costs were written off.

RISK AND UNCERTAINTIES

The Company's success depends upon a number of factors, many of which are beyond the Company's control. Typical risk factors and uncertainties include the current world economic downturn which affects the ability to raise financing, title matters, metal prices, currency rate fluctuations, operating hazards encountered in the mining business, and changing legislation, regulations or the administration thereof. These risk factors could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Plan of Operations and Funding

The Company's plan of significant operations for the next twelve months is as follows:

- to fund further exploration, including drilling, on the Kaukua property which is currently estimated at approximately $1,700,000;
- to maintain the TL property in good standing by making a $30,000 option payment by March 17, 2009;

- to restore and maintain in good standing the Ganarin property by renegotiating the option terms with Doubloon Exploration Corp. and by spending approximately $160,000 on exploration activities in Ecuador.

To finance the above plans, the Company is actively seeking private or institutional financing. Wherever possible, the Company is also reducing its general and administrative expenses. However, there can be no assurance that these financings or cost savings measures will be successful.

Environmental and Other Regulatory Requirements

Mineral exploration activities require permits from various governmental authorities and are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs, and delays as a result of the need to comply with applicable laws, regulations and permits. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mineral exploration and development activities may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

The Company believes it is in compliance with all laws and regulations that currently apply to its activities. However, there can be no assurance that all permits which the Company may require for mineral exploration and development can be obtained or maintained on reasonable terms or that such laws and regulations would not have an adverse effect on any such mineral exploration or development which the Company might undertake.

Although there is a new mining law that was recently introduced in Ecuador, it does not apply to the Ganarin project because this property was acquired under the old mining law.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Metal Prices

The principal activity of the Company is the exploration of resource metal properties. The feasible development of such properties is highly dependent upon metal prices. A sustained and substantial decline in commodity prices could result in the write-down, termination of exploration and development work or loss of the Company's interests in identified resource properties. Although such prices cannot be forecast with certainty, the Company carefully monitors factors that could affect commodity prices in order to assess the feasibility of its resource properties.

Metal prices are affected by numerous factors beyond the Company's control, including the relative exchange rate of the Euro, US dollar and Canadian currencies, global and regional demand for various metals, and political and economic conditions. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities. With the exception of gold and copper, prices of most metals are currently low. There is a risk that the Company's mineral discoveries will not be economically recoverable.

Industry and Economic Factors Affecting Performance

As a mineral exploration and development company, Nortec's performance is affected by a number of industry and economic factors and exposure to certain environmental risks and regulatory requirements. These include metal prices, competition amongst exploration firms for attractive mineral properties, the interest of investors in providing high-risk equity capital to exploration companies, and the availability of qualified staff and equipment such as drilling rigs to conduct exploration.

NEW ACCOUNTING POLICIES

a) ***Financial Instrument Disclosures*** - Effective January 1, 2007, the Company adopted CICA Section 3855, *Financial Instruments - Recognition and Measurement*. This section establishes standards for determining when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and whether it will be measured using a cost-based or fair value method. The adoption of this new accounting policy had no significant effect on these financial statements.

b) ***Capital Disclosures*** – Effective January 1, 2008, the Company adopted the CICA Section 1535 *Capital Disclosures*. This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its exploration projects to commercial production.

The capital structure of the Company currently consists of common shares, flow through common shares, stock options and warrants. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. The Company is not subject to externally imposed capital requirements.

c) ***Financial Instrument Disclosures***
Effective January 1, 2008, The Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862 *Financial Instruments – Disclosures* and Section 3863 *Financial Instruments – Presentation*, which together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. The standard deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The adoption of these sections did not have a material impact on the Company's disclosure and presentation.

d) ***Recent Accounting Pronouncements***

International Financial Reporting Standards ("IFRS") - In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles ("GAAP") with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP, is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

FINANCIAL AND OTHER INSTRUMENTS

Categories of Financial Instruments - The Company's financial instruments are classified into one of the following five categories under Canadian generally accepted accounting principles: held-for-trading, held to maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. As at December 31, 2008, the carrying and fair value amounts of the Company's financial instruments are the same. The carrying value of the Company's financial instruments is classified into the following categories:

		December 31, 2008		December 31, 2007
Held for trading (1)	$	49,948	$	528,846
Available for sale (2)	$	436,981	$	1,930,000
Loans and receivables (3)	$	157,700	$	44,550
Other financial liabilities (4)	$	246,631	$	43,572

(1) Includes cash and cash equivalents and cash held in trust
(2) Includes short term investments, Mastercard deposit, bond reclamation
(3) Includes accounts receivable
(4) Includes accounts payable and accrued liabilities and amounts due to related parties

The Company's financial instruments are exposed to the following financial risks:

(a) Credit Risk – Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation and cause the other party to incur a financial loss. The Company's credit risk consists primarily of cash and cash equivalents, short term investments and accounts receivable. The credit risk is minimized by placing cash and cash equivalents and investing short term investments with major Canadian financial institutions. The Company does not invest in asset–backed commercial paper

(b) Currency Risk – The Company is exposed to foreign currency fluctuations to the extent accounts payable and accrued liabilities of the Company are not denominated in Canadian dollars. As at December 31, 2008, there were $173,574 of liabilities (December 31, 2007 - $Nil) denominated in Euros and $2,177 liabilities denominated in US dollars (December 31, 2007 - $6,000). These liabilities were included in accounts payable and accrued liabilities. Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include a USD denominated cash account. A 10% change in exchange rate between the USD, the Euro and the Canadian dollar results in $15,591 increase/decrease in the Company's net loss for the year.

c) Liquidity Risk – Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking under account existing cash and cash equivalents, short term investments and expected exercise of stock options and share purchase warrants.

(d) Interest Rate Risk - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments is limited because these investments, although available for sale, are generally held to maturity.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported years. Actual results could differ from those estimates.

The amounts recorded for amortization of property, plant and equipment, the provision for asset retirement obligations, the provision for future income taxes, valuation allowance for future income taxes, stock based compensation and valuation of warrants are based on estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. Accordingly, the fair value of the options at the date of the grant is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

The proceeds from the issue of units is allocated between shares and warrants on a prorated basis on relative fair values as follows: the fair value of common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", “propose”, "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental regulatory and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company to meet certain work commitments, and work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things: the legislative and regulatory environment, the impact of increasing competition, unpredictable changes to the market prices for minerals, that costs related to development of the mineral properties will remain consistent with historical experiences, anticipated results of exploration activities, and the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth previously in this MD&A: volatility in the market prices for metals, uncertainties associated with estimating resources, geological problems, technical problems, drilling problems, processing problems, liabilities and risks including environmental liabilities and risks inherent in mining operations, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, unanticipated results of exploration activities, competition for capital, competition for acquisitions of reserves, competition for undeveloped lands, competition for skilled personnel, and unpredictable weather conditions.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of these risk factors set forth above.

INTERNAL CONTROLS AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuer from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the year ended December 31, 2008. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at December 31, 2008.

SUBSEQUENT EVENTS

On January 19, 2009 the Company issued 1,200,000 stock options to an officer and consultant. These options are exercisable at $0.11 per share and expire on January 19, 2014.

Subsequent to year-end, the Company commenced arranging a non-brokered private placement for a minimum of between 7,500,000 and 10,000,000 units (the "Units") at a price of $0.10 per Unit, to raise total gross proceeds of between $750,000 and $1,000,000. Each Unit will consist of one common share of the Company (a "Share") and one half of a transferable common share purchase warrant (a "Warrant"). Each whole Warrant will be exercisable to acquire one additional Share for a period of 18 months from the closing of the Private Placement at an exercise price of $0.15. In the event that the common shares of the Company trade at a closing price in excess of $0.15 per share for a period of 10 consecutive trading days at any time after four months past the closing date, the Company will accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case, the warrants will expire on the 30th day after the date on which such notice is given by the Company. The proceeds from this private placement will be used for general working capital purposes and for the metallurgical tests on the Kaukua property.

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Ian Laurent
Executive Vice President

Giovanna Martino
Corporate Secretary

Balraj Mann
Chief Financial Officer

Etienne E.V. Walter
Director, Chairman of the Board, Audit Committee Member

Peter F. Tegart
Director

Richard L. Richards
Independent Director, Audit Committee Member

Grant F. Crooker
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