This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations to a reader to assess material changes in the financial condition and results of operations as at and for the three and nine months ended September 30, 2009 and 2008. The MD&A is intended to supplement the consolidated financial statements and notes thereto ("Statements") of Metallum Resources Inc. ("Metallum" or the "Company") as at and for the three and nine month periods ended September 30, 2009 and 2008. Readers are encouraged to review the Statements in conjunction with this document.

## Forward Looking Statements

Except for the historical statements contained herein, this management's discussion and analysis presents "forward-looking statements" within the meaning of Canadian securities legislation that involve inherent risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold and other minerals and metals, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "proposed" "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Metallum to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: the successful completion of the Proposed Transaction with Solfotara Mining Corporation (see "Proposed Transaction" section on page 6) on risks related to international operations, risks related to the integration of acquisitions; risks related to joint venture operations; actual results of current exploration activities; actual results of current or future reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and other minerals and metals; possible variations in ore reserves, resources, grade or recovery rates; failure of equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the management and officers of Metallum believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Metallum does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

The completion of the Proposed Transaction is subject to a number of conditions precedent including, but not limited to, satisfactory due diligence reviews, negotiation and execution of definitive transaction documentation, approval by both boards of directors, approval by both company's shareholders, availability of prospectus and registration exemptions or obtaining exemptive relief, obtaining necessary governmental and third party approvals and Exchange acceptance. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

## Description of Business

The Company is engaged in the exploration and development of a gold property in the region of Sudbury, Ontario, Canada and an option to earn a 70% interest in a gold and silver property in the province of Chubut, Argentina. During fiscal 2008, the Company incorporated a wholly owned subsidiary, Metallum S.A., an entity registered in Mendoza, Argentina to hold its interest in, and to administer future activity in the Company's Argentina property. The Company is currently in the process of completing its due diligence on a Proposed Transaction, as described on page 5, which remains subject to Exchange and Shareholder approval.

## Financial Highlights

Three Months Ended September 30, 2009

The Company incurred a loss for the three months ended September 30, 2009 of $109,642 compared to a loss of $1,169,229 for the comparative three months ended September 30, 2008. The negative variance of $1,059,587 is primarily driven by the comparative period decision to write-down the carrying value of the McMillan property by $1,087,229, coupled with legal costs associated with the business combination contemplated in the Proposed Transaction of $55,057. Declines in stock-based compensation over the comparative period is primarily reflective of the scheduled vesting of option grants made the prior fiscal year, as the comparative period ended September 30, 2008 saw the effect of monetary vesting of a 1,325,0000 option grant made during the second quarter of fiscal 2008. In addition, insurance costs have escalated over the comparable three month period, in keeping with rising industry premiums as well as an increase in coverage initiated by the Company during the current year.

The three months ended September 30, 2009 has seen a decline in interest income earned over the comparative period, in the face of chronically low interest yields coupled with a declining treasury as the Company meets the liquidity needs of business combination process of the Proposed Transaction.

Nine Months Ended September 30, 2009

On a comparative basis, the Company's operating expenditures have increased over the nine months ended September 30, 2008, after factoring out the $1,087,229 write-down of the McMillan property. Legal costs required to facilitate the business combination described in the Proposed Transaction continue to be incurred, contributing to a loss of $376,538 during the current period as compared to a loss of $220,462 for the nine month period ended September 30, 2008, with the McMillan write-down factored out. Consulting fees are marginally higher, primarily due to an increase in remuneration paid to the President and Chief Executive Officer towards the end of fiscal 2008. On a comparative nine month basis, we again see the decline in interest income earned, as declining interest rates coupled with a declining treasury serve to diminish realized returns in this area. Favourable variances have also been seen in both conference and advertising expenditures, with the first quarter of fiscal 2009 seeing a corporate presence at one major conference, where the comparative period ended saw attendance at two. This served to reduce the costs of promotional material and other related ancillary costs. Lastly, as noted in the three month comparative narrative, a stock option grant early in the second quarter of 2008 has served to bouy the reported comparative stock-based compensation expense. With the most recent grant constituting 150,000 stock options, and occurring almost eleven months prior to September 30, 2009, the Company is seeing a general decline of stock based compensation expenses as the options fully vest.

The following tables set out financial performance highlights for the last eight quarters.

| | Third Quarter Sept. 30, 2009 | Second Quarter June 30, 2009 | First Quarter March 31, 2009 | Fourth Quarter Dec. 31, 2008 |
|---|---|---|---|---|
| Revenue | $0 | $0 | $0 | $0 |
| Expenses | $109,902 | $139,849 | $131,206 | $129,233 |
| Interest income | $260 | $574 | $3,585 | $9,049 |
| Future income tax recovery | $0 | $0 | $0 | ($244,700) |
| Net income (loss) | ($109,642) | ($139,275) | ($127,621) | $124,516 |
| Net income (loss) per share - basic and diluted | $0.00 | $0.00 | $0.00 | $0.00 |
| Cash flows used in operating activities | ($93,563) | ($177,997) | $(92,200) | $(39,162) |
| Cash, end of period | $632,418 | $726,014 | $1,154,011 | $1,500,179 |
| Assets | $4,288,180 | $4,386,590 | $4,565,232 | $4,653,185 |
| Long-term (future tax) liabilities | $0 | $0 | $0 | $0 |
| | | | | |

METALLUM RESOURCES INC.

| | Third Quarter Sept. 30, 2008 | Second Quarter June 30, 2008 | First Quarter March 31, 2008 | Fourth Quarter Dec. 31, 2007 |
|---|---|---|---|---|
| Revenue | $0 | $0 | $0 | $0 |
| Expenses | $1,179,404 | $89,453 | $65,943 | $79,805 |
| Interest income | $10,175 | $13,285 | $0 | $0 |
| Future income tax recovery | $0 | $0 | $3,649 | ($123,800) |
| Net income (loss) | ($1,169,229) | ($76,168) | ($62,294) | $43,995 |
| Net income (loss) per share - basic and diluted | ($0.02) | $0.00 | $0.00 | $0.00 |
| Cash flows used in operating activities | $(63,884) | $(63,996) | $(75,828) | $(40,411) |
| Cash, end of period | $1,561,752 | $1,691,469 | $2,040,793 | $2,163,768 |
| Assets | $4,723,057 | $5,963,999 | $5,921,781 | $5,997,713 |
| Long-term (future tax) liabilities | $244,700 | $244,700 | $244,700 | $244,700 |
| | | | | |

The following chart reflects the breakdown of office and administration expense for the nine months ended September 30, 2009 and 2008:

| **Administrative Expenses** | Nine Months Ended | |
|---|---|---|
| | September 30, 2009 | September 30, 2008 |
| Bank charges and interest | $ 361 | $ 353 |
| Delivery | 153 | 859 |
| Investor costs | - | 657 |
| Membership fees | 350 | 350 |
| Telephone and fax | 2,601 | 2,088 |
| Printing | 375 | 86 |
| Website maintenance | 285 | 1,195 |
| Miscellaneous | 538 | 802 |
| **Totals** | **$ 4,663** | **$ 6,390** |

On a comparative basis, administrative expenses have declined significantly over the comparative nine months ended September 30, 2008. Contributing to declines in delivery costs is the delay in the annual general meeting of shareholders, associated with the Proposed Transaction. An increase in telephone and fax expense is a function of the costs to administer the facilitation of the Proposed Transaction described further on in this document. Delivery charges saw a decline over the comparative period due to a reduction of conference attendance. Lastly, costs associated with website maintenance saw a decline in keeping with the prior year re-tooling of the site and associated re-branding of the Company.

## Liquidity and Capital Resources

The Company reported working capital as at September 30, 2009 of $1,107,336 (December 31, 2008 – $1,463,832) and cash and cash equivalent balances of $632,418 (December 31, 2008 – $1,500,179). Of the $632,418 of cash and cash equivalents, on September 30, 2009, $32,418 (December 31, 2008 - $258,111) was held in cash and the residual $600,000 (December 31, 2008 - $1,242,068) was held in a guaranteed investment certificate yielding an average annualized return of 1.1%. The Company does not hold investments with exposure to the sub-prime lending market, asset backed commercial paper, nor any derivative thereof.

The Company continues to fund its exploration activities through equity financing, with the last injection of funds occurring on December 10, 2007 by means of a non-brokered private placement consisting of 21,800,000 units at a price of $0.10 per unit, yielding gross proceeds of $2,180,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.15 per share until December 10, 2009. In connection with this private placement, the Company paid costs of issue comprised of cash commissions of $109,125, and a finder's fee of 543,750 common shares of the Company, with a fair value of $67,969.

Although the Company has sufficient capital resources to meet its immediate obligations, the Company will seek to raise additional funding to finance future exploration programs. The timing and ability to do so will depend on the liquidity of the financial markets as well as the acceptance of investors to finance resource based junior companies, in addition to the results of the Company’s exploration programs and the acquisition of additional projects.

The Company has no credit facilities with financial institutions, accordingly its financial instruments consist of cash, sundry receivables, convertible debenture, and accounts payable and accrued liabilities. Unless otherwise noted, the Company does not expect to be exposed to significant interest, currency or credit risks arising from these financial instruments. The Company estimates that the fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying values because of their short term nature.

At this time, the Company is not anticipating an ongoing profit from operations, therefore it will rely on its ability to obtain equity or debt financing for growth. The Company may need additional capital, and may raise additional funds should its Board deem it advisable.

## Industry and Economic Factors Affecting Metallum Resources Inc.

The Company's future performance is largely tied to the outcome of its drilling and exploration programs, the price of precious and base metals, and the overall health and stability of junior capital markets, inclusive of the TSX Venture Exchange. The financial markets upon which the Company is reliant are widely expected to experience continued volatility potentially through 2009-2010, reflective of investor anxiety with regard to the stability of the global economy, weakening global growth prospects, and their associated impact upon liquidity, security and return. This has led to sustained declines in commodity markets. Furthermore, unprecedented uncertainty in the credit markets has also led to increased difficulties in accessing capital.

Junior exploration companies worldwide have been hit particularly hard by these trends. Accordingly, the Company may have difficulty raising additional equity financing for the purposes of gold and other precious mineral exploration without significantly diluting the position of its current shareholders. With continued market volatility and slower worldwide economic growth anticipated, the Company's strategy is to manage its treasury in a planned, deliberate and prudent manner while attempting to limit any future offering to a point in time where the associated capital markets have favourably stabilized. The Company believes this focused strategy will enable it to meet the near-term challenges presented by the capital markets while maintaining the momentum on key initiatives. The Company has a strong belief in the exploration potential of its properties and aims to emerge from the current economic situation in a solid financial position.

## Off-Balance Sheet Arrangements

Metallum does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

## Proposed Transactions

There is no imminent decision by the Board of Directors of the Company with respect to any transaction beyond what is contemplated below:

a) On February 27, 2009, the Company signed a Letter of Intent, as amended by agreement dated as of March 18, 2009 ("LOI") with Solfotara Mining Corporation ("Solfotara"), a private corporation incorporated under the laws of British Columbia, Canada with offices in Manila, Philippines and Vancouver, Canada for a reverse takeover ("RTO") of Metallum (herein the "Proposed Transaction"). The parties to the Proposed Transaction act at arm's length. On November 6, 2009, Metallum and Solfotara signed a definitive agreement (the "Definitive Agreement") in relation to the Proposed Transaction described below.

   If the Proposed Transaction is completed, the shareholders of Solfotara will own approximately 80% of the fully diluted shares (pre-financing) of the Resulting Issuer (the entity formed out of the three-way amalgamation of Metallum, Solfotara and a wholly-owned subsidiary of Metallum formed to complete the Proposed Transaction) while the existing shareholders of Metallum will own approximately 20% of the fully-diluted shares (pre-financing) of the Resulting Issuer. It is a condition precedent to the closing of the Proposed Transaction, that a minimum $3,500,000 private placement of units ("Units") of the Resulting Issuer at $0.35 per Unit be completed. It is anticipated that each Unit will consist of one common share and one common share purchase warrant of the Resulting Issuer exercisable for twelve months at $0.50 per share. It is also a condition of the Proposed Transaction that Metallum obtains shareholder approval and implements a consolidation

of its shares on an approximate basis of one new share for every 6.4 old shares. Furthermore, the Proposed Transaction is subject to the parties entering into a definitive agreement and obtaining all regulatory approvals (including that of the TSX Venture Exchange ("Exchange").

To facilitate certain aspects of the Proposed Transaction, Metallum advanced to Solfotara, with Exchange approval, Cdn. $250,000 to fund a property option payment due by Solfotara in respect to its Basay Property in the form of a secured convertible debenture ("Debenture"). If the Proposed Transaction is completed, the principal amount of the Debenture plus accrued interest will be convertible into common shares of Solfotara at an agreed price. If the Proposed Transaction is not completed, Solfotara will be required, unless the reason for the default lies with Metallum, to repay the Debenture advances with interest. Under the terms of the LOI, Metallum made an additional Debenture advance of Cdn. $250,000, for a total of Cdn. $500,000. This payment was made during the quarter ended June 30, 2009, with Exchange approval.

In light of the pending completion by Solfotara of a transaction which will see Solfotara spin-out (herein, the "Spin Out Transaction") Solfotara's recently acquired interest in Hinoba Holdings (Philippines), Inc., which Philippines company owns (indirectly) a 92.5% economic interest in the Hinoba-an copper property (the "*Hinoba-an Property*") located on the island of Negros in the Philippines, Metallum's shareholders, as well as the shareholders of Solfotara will, assuming the completion of the Spin Out Transaction, receive shares (and in the case of Solfotara shares and warrants) of an entity known as "Copper Development Corporation" ("CDC"). CDC is the company which is set to become the new owner of the Hinoba-an Property. Specifically, the shareholders of Metallum would receive, subject to certain conditions precedent, a total of 7,029,334 shares of CDC (the "Metallum CDC Shares") while the shareholders of Solfotara would receive 35,832,459 shares and 11,250,000 warrants of CDC representing, in aggregate, approximately 61.5% of the issued shares of CDC, as a distribution by both Solfotara and Metallum to their respective shareholders by way of a reduction of paid-up capital ("PUC"). It is anticipated that it will be those 2 shareholders of Metallum at the effective date of the closing of the Proposed Transaction ("Effective Date") that will be entitled to receive the Metallum CDC Shares. It is further anticipated that each Metallum shareholder will be entitled at the Effective Date to receive approximately 0.836 of a CDC share for every one common share held.

Among other things, the Spin Out Transaction is subject to (i) the approval of the shareholders of Solfotara at a meeting to be held in Vancouver on November 23, 2009, to both the Spin Out Transaction and to a proposed reduction of Solfotara's PUC, and (ii) in the case of Metallum, shareholder approval to a reduction of Metallum's PUC. It is the present intention of the parties that CDC will seek to effect an initial public offering and concurrent listing of its shares on the Alternative Investment Market of the London Stock Exchange ("AIM").

As of September 30, 2009 Solfotara has closed on financings totaling approximately $3,766,000 in gross proceeds whereby units have been issued (each a "Unit") at $0.35, with each Unit consisting of one common share and one-half common share purchase warrant with each full warrant exercisable for 24 months at $0.50 (see Metallum's news release of October 8, 2009)

The completion of the Proposed Transaction is subject to a number of conditions precedent including, but not limited to, satisfactory due diligence reviews, negotiation and execution of definitive transaction documentation, approval by both boards of directors, approval by both company's shareholders, availability of prospectus and registration exemptions or obtaining exemptive relief, obtaining necessary governmental and third party approvals and Exchange acceptance. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

If the Proposed Transaction is completed, Metallum will acquire an interest in five mineral properties in the Philippines, four of which are copper-gold porphyry targets lying within the prolific Philippine porphyry belt, and one of which is a gold fumarole.

As at September 30, 2009, the Proposed Transaction has not been so approved.

b) On August 20, 2009 the Company signed a definitive agreement with Trelawney Mining and Exploration Inc. to sell its 92.5% undivided legal and beneficial interest in its Chester Property (herein the "Trelawney Transaction" - see Metallum's news release of August 21, 2009). Consideration for the purchase of the Company's holding in the Chester Property by Trelawney shall consist of (i) the issuance to the Company by Trelawney of five million (5,000,000) common shares in the capital of Trelawney on the closing date; and (ii) a 1% (one percent) net smelter return (NSR) royalty from production to be granted to the Company at such time as the price of gold exceeds USD $1,000 per troy ounce.

   The Trelawney Transaction contemplated by the Agreement is subject to receipt of all approvals required by Metallum, including that of the TSXV and Metallum's shareholders, who will be voting on this item at its Annual and Special Meeting on November 25, 2009. The parties have targeted a closing date of November 30, 2009.

## Critical Accounting Estimates

The preparation of the Company's financial statements requires management to make certain estimates that affect the amounts reported in the financial statements. The accounting estimates considered to be significant include estimates of the recoverability of mineral interests and stock-based compensation.

The recoverability of the amounts shown for mining interests is dependent on the existence of economically recoverable reserves, the ability to obtain financing to complete the development of such reserves and meet its obligations under various agreements and the success of future operations or dispositions.

The Company uses a Black-Scholes model to determine the fair value of options and warrants. The main factor affecting the estimates of stock-based compensation is the stock price volatility used. The Company uses historical price data and comparables in the estimate of future volatilities.

## Accounting Changes

Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted CICA Section 3064, “Goodwill and Intangible Assets” which replaces CICA Sections 3062, “Goodwill and Other Intangible Assets” and 3450 “Research and Development Costs”, as well as EIC-27, "Revenues and Expenditures During the Pre-operating Period", and part of Accounting Guideline 11, "Enterprises in the development stage". Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under International Financial Reporting Standards ("IFRS"). The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets; 2) to establish the criteria for asset recognition; and 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing assets items that do not meet the recognition criteria is eliminated. The standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the standard relating to goodwill remain unchanged.

The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at September 30, 2009.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued an abstract EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which provides guidance that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This abstract applies to interim and annual financial statements for fiscal periods ending on or after January 20, 2009. The Company has evaluated the section and determined that adoption of these requirements had no impact on the Company’s interim consolidated financial statements.

Mining Exploration Costs

In March 2009, the Emerging Issues Committee issued EIC-174, ‘‘Mining Exploration Costs’’, which provides guidance on the capitalization of exploration costs related to mining properties and the impairment review of such capitalized exploration costs. This EIC is effective for the Company on January 1, 2009. The application of this EIC did not have an effect on the Company’s financial statements.

## Future Accounting Changes

International Financial Reporting Standards [“IFRS”]

In January 2006, the CICA’s Accounting Standards Board ["AcSB"] formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability ["PAEs"]. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010.

Business Combinations Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards. Sections 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

## Capital Management

The Company considers its capital structure to consist of share capital, stock options, and warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position and the capital stock, warrant, and option components of its shareholders equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it determines there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

i) minimizing discretionary disbursements;
ii) reducing or eliminating exploration expenditures which are of limited strategic value;
iii) exploring alternate sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it determines there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three and six months ended June 30, 2009. The Company is not subject to externally imposed capital requirements.

## Financial and Other Instruments

The Company is not involved in any hedging program, nor is it a party to any financial instruments that may have an impact on its financial position.

Property Risks

The Company’s mineral properties are the Chester Township Property and the M-18 Property. Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon these two properties. If no additional major mineral properties are acquired by the Company, any adverse development affecting these two properties would have a material adverse effect on the Company’s financial condition and results of operations.

Financial Risks

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate, foreign exchange rate, and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, sundry receivables, and debenture receivable. Cash and cash equivalents are held with reputable Canadian chartered banks which are closely monitored by management. Financial instruments included in sundry receivables consist of sales tax receivable from government authorities in Canada. Debenture receivable pertains to funds advanced under the terms of the Proposed Transaction. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents, sundry receivables, and debenture receivable is remote.

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at excessive cost. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at September 30, 2009, the Company had a cash and cash equivalents balance of $632,418 (December 31, 2008 - $1,500,179) to settle current liabilities of $39,424 (December 31, 2008 - $50,882). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

i) Interest Rate Risk

   Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

ii) Foreign Currency Risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in Argentina on a cash call basis from the operator of the Argentina project using Canadian currency. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. As a result, the Company's exposure to foreign currency risk is remote.

iii) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Fair Value

The Company has designated, for accounting purposes, its cash and cash equivalents as held-for-trading, which are measured at fair value. Sundry receivables and the convertible debenture are classified for accounting purposes as loans and receivables, which are measured at amortized cost which approximates fair market value due to its short-term nature. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which approximates fair market value due to its short-term nature.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

(i) Interest rate risk is remote as the interest rates on the Company's cash and cash equivalents have fixed interest rates.

(ii) The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious and base metals. Precious and base metal prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of precious and base metals may be produced in the future, a profitable market will exist for them.

As of September 30, 2009, the Company was not a precious or base metal producer. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

## Results of Operations: Chester Property, Ontario

On October 24, 2008, the Company terminated the Option and Joint Venture Agreement (the "Agreement") that it signed with the private Canadian company in October, 2007 for its Chester Gold Property.

The private company failed to meet cash and work commitment obligations as defined by the Agreement due to prevailing current market conditions, although the Company had, during the past year, agreed to three amendments on three separate dates requesting modifications to the Agreement from the private company.

As such, control and the 92.5% ownership of the Chester Property remains with the Company. On August 20, 2009, the Company signed a definitive agreement to sell its interest in this property. See subsequent event note on page 12 for further details.

## Results of Operations: M-18 Property, Argentina

On June 4, 2007, the Company signed an Option and Joint Venture Agreement (the "Agreement") (dated March 1, 2007) to earn a 70% interest in the M-18 gold and silver property in the province of Chubut in Argentina from Silver Standard Resources Inc. ("Silver Standard"). The M-18 Property comprises 6,300 hectares measuring nine kilometers east-west by seven kilometers north-south.

During the six months ended June 30, 2009, the Company successfully negotiated an amendment to the underlying agreement dated March 1, 2007, in favour of a new "Effective Date" of April 14, 2009.

The Company is required to spend $US 1,000,000 over four years on exploration on M-18 to earn its 70% interest. Exploration expenditures on each anniversary date of the effective date of the agreement will be $US 250,000 by the first anniversary, $US 500,000 by the second anniversary, $US 750,000 by the third anniversary, and $US 1,000,000 by the fourth anniversary. Likewise, cumulative option payments of $US 125,000 for the property will occur as follows: $US 15,000 on the first anniversary date, $US 25,000 on the second anniversary date, $35,000 on the third anniversary date, and $50,000 on the fourth anniversary date.

If a NI 43-101 compliant resource estimate shows that the property is silver dominant, that is, greater than 50% of the value of the resource estimate, Silver Standard will have the option to back-in for a 51% interest in the property by incurring $US 1,000,000 in exploration costs.

All proposed exploration on the property will be through a management committee comprised of equal representation of the Company and Silver Standard until the Company exercises its option. However, the Company will determine how exploration funds will be spent on the property. If the Company does exercise its option it will then have the majority vote regarding operations on the property unless Silver Standard exercises its back-in right, in which event Silver Standard shall be entitled to majority voting.

The qualified person, as required under National Instrument 43-101, for the Chester and M-18 projects is Greg Lipton, P.Geo., the Company's President and CEO. He is a practising member of the Association of Professional Geoscientists of Ontario (APGO).

## Subsequent Events

On November 16, 2009, 250,000 incentive stock options expired without exercise.

## Risks and Uncertainties

The Company's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and the Company's common shares should be considered speculative in nature.

The business of exploration for minerals and mining involves a high degree of risk. A relatively small proportion of properties that are explored are ultimately developed into producing mines. At present, there are no known bodies of commercial ore on any of the mineral properties in which the Company holds interest or intends to acquire an interest and the proposed exploration program is an exploratory search for ore. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company has limited experience in the development and operation of mines and has relied on and may continue to rely upon consultants and others for exploration and operating expertise. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined, and fluctuations in the price of any minerals produced.

The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to explore and develop its properties. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Company will require new capital to continue to operate its business and to continue with exploration on its mineral properties, and there is no assurance that capital will be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

The operations of the Company may require licenses and permits from various local, provincial and federal governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development, or

mining operations, at its projects.

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any mineral products discovered. The prices of mineral products have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

The mining industry is intensely competitive. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees, contractors and consultants.

The Company's operations are subject to environmental regulations promulgated by local, provincial and federal government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner, which means stricter standards and enforcement, and fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

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

The Company does not have a historical track record of operating upon which investors may rely. Consequently, investors will have to rely on the expertise of the Company's management. Further, the Company's properties are in the exploration stage and are not commercially viable at this time. The Company does not have a history of earnings or the provision of return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

## Dependence on Key Employees

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.

## Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional option and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

## Current Global Financial Conditions

Current global financial conditions have been characterized by increased volatility, declining liquidity and the exit of a number of traditional investors from public markets. Access to public financing has been made more challenging by a global contraction of commercial and consumer credit markets. The ensuing decline in consumption has led to a marked erosion of investor confidence and risk tolerance. A major consequence/contributor to these factors may be seen in the unparalleled number of established financial institutions facing involuntary corporate reorganization, insolvency, bankruptcy and/or governmental intervention. While the most sensational of the corporate casualties have occurred in the United States, the global nature today's economic reality has left no interrelated public market unscathed. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to the Company or at all. Any or all of these economic factors, as well as other factors not specifically identified herein, may cause a decline in asset values that could be deemed to be other than temporary, resulting in impairment losses. If such conditions continue, the Company's operations could be negatively impacted, and the trading price of its common shares may be adversely affected.

Securities of mining and mineral exploration companies, including the common shares of the Company, have experienced substantial volatility in the past, and especially during the fourth quarter of 2008 and early 2009, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of the Company is also significantly affected by short-term changes in commodity prices, base and precious metal prices or other mineral prices, currency exchange fluctuation and the political environment in the countries in which the Company does business.

## IFRS Implementation Plan

The AcSB has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended March 31, 2011.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Property, plant and equipment (measurement and valuation);
- Provisions, including asset retirement obligations;
- Stock-based compensation;
- Accounting for joint ventures;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training. The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

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| Initial analysis of key areas for which changes to accounting policies may be required. | Completed |
| Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives. | Completed |
| Assessment of first-time adoption (IFRS 1) requirements and alternatives. | Throughout 2009 |
| Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives | Q4 2009 – Q1 2010 |
| Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements | Q4 2009 – Q2 2010 |
| Management and employee education and training | Throughout the transition process |
| Quantification of the Financial Statement impact of changes in accounting policies | Throughout 2010 |

## Additional Disclosure for Venture Issuers without Significant Revenue

The balance of Mineral Property Acquisitions and Deferred Mineral Property Expenditures increased to $3,135,882 on September 30, 2009 (December 31, 2008 - $3,131,882), primarily due to nominal consulting and general expenditures on the Company's properties, the details of which are provided in the corresponding audited consolidated financial statements.

## Management's Responsibility for Financial Information

The Company's consolidated financial statements are the responsibility of the Company's management, and have been approved by the board of directors. The consolidated financial statements were prepared by the Company's management in accordance with Canadian generally accepted accounting principles. The consolidated financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the consolidated financial statements are presented fairly in all material respects.

## Disclosure and Internal Financial Controls

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that:

(i) the unaudited interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the years presented by the unaudited interim consolidated financial statements; and

(ii) the unaudited interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim consolidated financial statements.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(iii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## Disclosure of Outstanding Share Data

Metallum shares trade on the TSX Venture Exchange under the symbol "MRV". The Company is authorized to issue an unlimited number of common shares without par value. On November 18, 2009, there were 53,803,828 common shares issued and outstanding, 2,320,000 stock options outstanding with a weighted average exercise price of $0.10 expiring between 2009 and 2013, and 10,900,000 warrants outstanding with a weighted average exercise price of $0.15 expiring in 2009.

## Additional Information

Additional information relating to the Company is available on the SEDAR website www.sedar.com, or on the Company's corporate website www.metallumresourcesinc.com.
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