

NEVORO INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") for Nevoro Inc. ("the Company") is for the twelve month period ended December 31, 2008. Readers are advised to read it in conjunction with the audited consolidated financial statements of Nevoro Inc. for the fiscal periods referred to herein. The Company's reporting currency is the U.S. dollar and all amounts in this MD&A are expressed in U.S. dollars unless otherwise noted. The Company reports its financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). This MD&A is as at March 31, 2009.

The following MD&A may contain forward-looking statements. Forward-looking statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual events or results to differ materially from those reflected herein. Forward-looking statements are based on the estimates and opinions of management of the Company at the time the statements were made.

Additional information relating to the Company can be found on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on the Company's website at www.nevoro.com.

Mr. Ken Brook, RPG, and Mel Klohn, LPGeo, are the qualified persons for the purposes of the technical information contained herein, pursuant to the requirements of National Instrument 43-101.

BACKGROUND

Up to December 31, 2006, the Company was an inactive reporting issuer seeking new business in the resource sector.

The Company commenced active operations in February 2007. On February 5, 2007, the Company appointed a new management team and focused on precious and base metal resource exploration and development in North America, initially in the state of Nevada, USA ("Nevada").

Following a series of private placements and property acquisitions from February to June 2007, the Company raised gross proceeds of \$9,042,675 and acquired a portfolio of precious and base metal exploration properties located in Nevada.

The Company's common shares began trading on the Toronto Stock Exchange ("TSX") with the symbol "NVR" on September 17, 2007. On a non-diluted basis, there were 151,854,272 common shares issued and outstanding ("the Common Shares") as at December 31, 2008 (196,107,484 on a fully diluted basis). As at December 31, 2008, the Company had working capital of \$5,452,671.

BUSINESS ACQUISITIONS

Nevoro Nevada Inc. (formerly Goodsprings Development Corporation):

On February 15, 2007, the Company completed a business combination whereby the Company issued 24,400,000 common shares at a price of \$0.25, for total consideration of \$6,100,000 for 100% of the issued and outstanding shares of Nevoro Nevada Inc. (formerly: "Goodsprings Development Company") ("Nevoro Nevada"), which holds interests in mineral exploration properties in Nevada. The costs of the transaction were \$155,224 for total consideration of \$6,255,224.

The St. Elmo Project in Nevada, was the subject of a March 4, 2007 Technical Report conforming to National Instrument 43-101, entitled "Technical Report on St. Elmo Gold Project, Elko County, Nevada U.S.A for Denroy Resources Corporation" and prepared by Chris Broili, C.P. Geo. & L.P. Geo., Mel Klohn, L.P. Geo., Ken Brook, L.P. Geo., and Peter Butterfield, L.P. Geo. This report may be viewed along with the Corporation's other filings on

Aurora Platinum Exploration Inc. (formerly Aurora Metals (BVI) Ltd.):

On June 10, 2008, the Company and its subsidiary Nevoro Platinum Inc. completed a business combination whereby the Company acquired 100% of the issued and outstanding shares of Aurora Platinum Exploration Inc. (formerly: "Aurora Metals (BVI) Ltd."), and its wholly-owned subsidiaries, Aurora Metals USA Inc. and Crystal Coding Ltd. (collectively "Aurora"), which holds interests in mineral exploration properties in the State of Montana, USA ("Montana") (the "Stillwater Project"). Nevoro Platinum Inc. and Aurora merged and continued as one corporation with the same effect as if they were amalgamated, through a court approved statutory plan of arrangement under Section 288 of the Business Corporations Act (British Columbia). Each common share of Aurora was cancelled and the shareholders thereof received, for each such common share of Aurora, one common share of Nevoro.

The acquisition is accounted for using the purchase method of accounting, with Nevoro being identified as the acquirer and Aurora as the acquiree. In accordance with the purchase method of accounting, the purchase consideration of \$11,789,071 and the transaction costs of \$920,813 for total consideration of \$12,709,884, are allocated to the underlying assets acquired and liabilities assumed, based on their fair values at the date of acquisition. Total consideration of \$12,709,884 exceeded the carrying value of the net assets acquired by \$12,024,853 which was applied to increase the carrying value of the mineral interests. Aurora was formed in the British Virgin Islands which does not require the payment of income taxes. Aurora was continued into British Columbia on May 5, 2008. Upon immigration into Canada, Aurora is deemed to have disposed of, at fair market value, each property owned by it and is also deemed to have reacquired such property at the same amount at the time immediately after immigration to Canada. Accordingly, at the time of immigration, the fair value of the Aurora assets was equal to the tax value of the assets.

The allocation of the purchase cost to assets and liabilities acquired is as follows:

Purchase Price Allocation	
Cash	\$ 7,802
Mineral interests	13,315,218
Accounts payable and accrued liabilities	<u>(613,136)</u>
	<u>\$ 12,709,884</u>
Consideration	
19,981,476 Nevoro common shares	\$ 11,789,071
Transaction costs	<u>920,813</u>
	<u>\$ 12,709,884</u>

The value of the shares issued to effect the combination is based on their market price over a reasonable period before and after the date of the terms of the business combination were agreed to and announced. The 19,981,476 Nevoro common shares issued were valued at \$0.59 (CDN\$0.60) for a total purchase consideration of \$11,789,071.

A Business Acquisition report for the Aurora transaction was filed on August 8, 2008 on Sedar.

Sheffield Resources Inc.:

On July 29, 2008, the Company completed an Arrangement Agreement by way of a court approved plan of arrangement pursuant to S.288 of the Business Corporations Act (British Columbia), (the "Arrangement") whereby the Company acquired 100% of the issued and outstanding shares of Sheffield Resources Ltd, and its wholly owned subsidiary, Nevoro Copper Inc. (formerly American Sheffield Inc.) (collectively "Sheffield"), which holds interest in mineral exploration properties in the State of California (the "Moonlight Project") and the Province of British Columbia (the "Golden Loon Project"). Each issued and outstanding Sheffield common share was cancelled and the holder thereof received 0.80 of one Nevoro common share. Sheffield had 35,422,497 common shares issued and outstanding. Holders of Sheffield's common share purchase warrants ("Sheffield Warrants"), shall receive upon the subsequent exercise of each Sheffield Warrant, 0.80 of one Nevoro common share. Holders of outstanding Sheffield stock options ("Sheffield Options"), shall receive such number of Nevoro options to acquire one Nevoro common share, equal to the product of: (i) the number of Sheffield Options held immediately before the closing of the Arrangement, and (ii) 0.80. The exercise price of the resulting Nevoro option shall be an amount equal to the quotient of (A) the exercise price of the Sheffield Options immediately before closing, divided by (B) 0.80. Any fractional Nevoro common share or replacement option issuable to any Sheffield

security holder upon or as a result of the Arrangement shall be rounded down to the nearest whole number, and no cash or other payment in lieu of such fractional shares or options shall be paid or payable to any person pursuant to the Arrangement.

Pursuant to an agreement entered into by Sheffield prior to the arrangement, upon a change of control, Sheffield was required to issue 2,000,000 Sheffield shares to Variety Investments Ltd. ("Variety"). In light of the acquisition of Sheffield by Nevoro, Nevoro issued 1,600,000 Nevoro common shares to Variety to satisfy Sheffield's obligation under the agreement.

The acquisition is accounted for using the purchase method of accounting, with Nevoro being identified as the acquirer and Sheffield as the acquiree. In accordance with the purchase method of accounting, the purchase consideration comprised of 28,337,997 common shares valued at \$13,885,618, 1,600,000 common shares valued at \$784,000, for total share consideration of \$14,669,618, cash transaction costs of \$297,225 and 300,000 stock options granted as a finder's fee valued at \$61,580 for total transaction costs of \$358,805, 9,778,902 Nevoro warrants (12,223,628 Sheffield warrants) valued at \$1,056,000, and 2,833,799 Nevoro stock options valued at \$688,000 are allocated to the underlying assets acquired and liabilities assumed, based on their fair values at the date of acquisition. Total consideration of \$16,772,423 exceeded the carrying value of the net assets acquired by \$13,699,930 which was applied to increase the carrying value of the mineral properties.

The excess amount will not increase the carrying value of the underlying assets for tax purposes resulting in a temporary difference between accounting and tax values. The resulting estimated future income tax liability associated with the temporary difference of \$13,699,930 was applied to increase the carrying value of the mineral properties by \$6,007,600, using the combined Canadian and US income tax rates of approximately 27% and 35% respectively.

The allocation of the purchase cost to assets and liabilities acquired is as follows:

Purchase Price Allocation	
Cash	\$ 215,896
Amounts receivable and prepaid expenses	57,477
Equipment	12,044
Mineral properties	22,908,409
Accounts payable and accrued liabilities	(413,803)
Future income tax liability	<u>(6,007,600)</u>
	<u>\$ 16,772,423</u>
Consideration	
28,337,997 Nevoro common shares	\$ 13,885,618
1,600,000 Nevoro common shares issued to Variety	784,000
9,778,902 Nevoro warrants (12,223,628 Sheffield warrants)	1,056,000
2,833,799 Nevoro stock options	688,000
Cash and stock option transaction costs	<u>358,805</u>
	<u>\$ 16,772,423</u>

The value of the shares issued to effect the combination is based on their market price over a reasonable period before and after the date the terms of the business combination were agreed to and announced. The 29,937,997 Nevoro common shares issued were valued at \$0.49 (CDN\$0.50) for a total value of \$14,669,618.

A Business Acquisition report for the Sheffield transaction was filed on October 10, 2008 on Sedar.

Acquisition of the Benbow Chromite Mine

The Company has signed an agreement, dated July 14, 2008, to acquire, through its indirect wholly owned subsidiary Aurora Metals USA, Inc., the Benbow chromite mine which is adjacent to Nevoro's Stillwater Project in Montana. The Benbow mine is comprised of 7 patented lode mining claims and 5 unpatented lode mining claims, all in Stillwater, Montana.

The mine will be acquired under a Lease with Option to Purchase from Benbow Mine, Limited Liability Partnership, a Montana LLP (the "Owner"). The Agreement is subject to title opinion, and the satisfactory completion of due diligence investigation. The basic lease is for 25 years, unless the agreement is terminated,

cancelled or extended. The terms of the Agreement call for a signing bonus of \$50,000, subject to the approvals noted above, with payments of \$50,000 on the first through fifth anniversaries, \$75,000 on the sixth through tenth anniversaries, \$100,000 on the eleventh and each subsequent anniversary of the effective date (the "Minimum Payments"). A 5% production royalty (the "Royalty") shall be paid to the Owner, based on Net Proceeds from the production and sale of Minerals from the Property. The Minimum Payments shall constitute advance payments of the Royalty on the Property and shall be credited in Nevoro's favor against Royalty payment obligations. Nevoro has the option to purchase the Property for \$5,000,000. If the option to purchase is exercised after the fifth anniversary, but before the tenth, the purchase price is \$10,000,000, or alternatively, Nevoro has the option to purchase an undivided fifty percent interest in the Property for \$5,000,000, subject to its right to purchase additional portions of ownership of and title to the Property in increments representing 5% of the entire undivided ownership for \$500,000 for each such increment.

PROJECT PORTFOLIO

Nevoro currently holds 13 projects — Stillwater in Montana, Moonlight in California, Long Canyon in Idaho, Dome Hill in California-Nevada, and St. Elmo, Silver King, Germany, Cedar, Jenny Hill, Eagleville, Monarch, Warm Springs and Stealth, all in Nevada. The projects are all wholly owned or optioned, with Warm Springs and Stealth currently leased to third parties.

Stillwater Project

The Company (through Aurora) holds one project in the Stillwater Complex, Montana by virtue of claim location and two lease agreements with various parties. The Stillwater Project consists of 221 claims totaling 4,578 acres (1,853 hectares) in Stillwater and Sweet Grass Counties, south-central Montana, in North America's largest platinum group element ("PGE") mineral district, adjacent to the producing Stillwater palladium-platinum mine. The project has early- to advanced-stage Nickel-Copper-Cobalt, PGE and chromite exploration targets and historical mineral resources.

On January 1, 2004, Aurora entered into a lease agreement with four arm's length individuals, ("The Basal Zone Lease Agreement") whereby Aurora was granted a ten year lease with an option to renew for another five years, patented and unpatented mining claims and tunnel sights located in the Stillwater and Sweetwater Counties of Montana (the "Basal Zone").

Aurora was granted the exclusive right to explore the Basal Zone Property during the term of the lease for the following consideration:

- \$10 due upon signing (paid)

Monthly rental payments as follows:

- From the first anniversary of the date of execution of the lease, \$500 per month. (\$6,000 per annum) (paid).
- From the second anniversary of the date of execution of the lease, \$1,000 per month. (\$12,000 per annum) (paid).
- From the third anniversary of the date of execution of the lease, \$1,500 per month. (\$18,000 per annum) (partly paid).
- From the sixth anniversary of the date of execution of the lease, \$2,000 per month. (\$24,000 per annum).

Upon the commencement of production, the Company will pay a 2% NSR royalty (if sold to a mill, smelter or refinery) or a 2% Net Income royalty (if not sold to a mill, smelter or refinery) from the sale of all ores and concentrates.

In the event that the Federal Government of the USA imposes a federal royalty on any sales, then 50% of such federal royalty will be deducted from the 2% royalty discussed above.

The Company is responsible for annual Bureau of Land Management ("BLM") fees on the project.

On February 1, 2004, Aurora entered into a lease agreement with eighteen arm's length individuals, ("The Mountain View Lease Agreement") whereby Aurora was granted a ten year lease with an option to renew for

another five years, patented and unpatented mining claims, mill sights and tunnel sights located in the Stillwater County of Montana ("Mountain View").

Aurora was granted the exclusive right to explore the Mountain View Property during the term of the lease for the following consideration:

- \$10 due upon signing (paid)
- A \$50,000 payment upon the extension of the lease for another five year term.
- A \$500,000 advance royalty at the time that Aurora decided to commence construction of a mine to produce ore-bearing materials in commercial quantities.

Upon the commencement of construction of a mine, the Company must pay a \$500,000 advance royalty, 50% of which will be credited against future production royalties.

Upon the commencement of production, the Company will pay a 2% NSR royalty (if sold to a mill, smelter or refinery) or a 2% Net Income royalty (if not sold to a mill, smelter or refinery) from the sale of all ores and concentrates.

The Company is responsible for annual Bureau of Land Management ("BLM") claim maintenance fees on the project.

During the quarter ended September 30, 2008, as reported in a news release dated February 9, 2009, two core holes totaling 2,490 feet (759 m) were completed in an attempt to examine PGE targets and underlying nickel-copper-cobalt deposits in the Mouat target area. The first hole was abandoned at 120 m depth due to bad ground conditions, but the second, more steeply inclined hole (MV-08-02), 200 m west, was drilled to 639 m before being terminated due to an unexpectedly early and extremely heavy snowstorm.

During the period ended December 31, 2008, the Company spent \$14,177,214 (2007 - \$NIL) on the Stillwater Project of which the most substantial portion, \$13,218,199 or 93% (2007 - \$NIL) was for acquisition costs.

Moonlight Copper Project

The Company (through Sheffield) holds the Moonlight Copper Project. The Moonlight Copper Project is approximately 140 km northwest of Reno, Nevada in Plumas County, northeastern California, and consists of 419 unpatented lode mining claims totaling 8,027 acres (3,248 hectares) and 898 acres (363 hectares) of patented and private fee ground. The project occurs in a structurally complex area at the northernmost end of the Sierra Nevada Batholith, in a complex intrusive rock body known as the Lights Creek Stock. It is part of the Plumas Copper Belt, site of many historically productive high-grade Cu-Au-Ag mines, largely inactive since the 1930s.

The project contains at least nine separate copper targets which were identified by Placer Dome who began exploring the area in 1961. Placer Dome spent approximately US\$35 million (in terms of present-day dollars) advancing the project until it was put on hold in 1971, but maintained the project until 1994, at which time the company became Placer Dome and changed its focus to gold. The three most advanced targets, as described in detail in a NI 43-101 Technical Report prepared in 2007 for Sheffield Resources Ltd. and available for viewing or downloading at www.sedar.com, are:

- 1) The Moonlight Copper Deposit – an unusual porphyry-copper system containing disseminated and fracture-controlled copper sulfide minerals, principally bornite and chalcopyrite, but little or no pyrite, which renders the mineralization as essentially non-acid generating and environmentally benign. The deposit occurs over an area of 1.4 sq. km and is defined with 199 historical Placer Amex small-diameter diamond-drill core holes and 14 large-diameter verification core holes drilled by Sheffield in 2007, together totaling 33,702 m (110,571 ft), drilled to a maximum depth of 597 m. According to the 2007 Technical Report, this drilling defines substantial indicated and inferred NI 43-101 resources that remain open at depth and along strike:

Moonlight Indicated Mineral Resources:

0.20% Cu cutoff:	161,570,000 tons @ 0.324% Cu, 0.003 opt Au, 0.099 opt Ag
0.25% Cu cutoff:	114,570,000 tons @ 0.366% Cu, 0.003 opt Au, 0.112 opt Ag
0.30% Cu cutoff:	76,150,000 tons @ 0.413% Cu, 0.003 opt Au, 0.124 opt Ag

Moonlight Inferred Mineral Resources:

0.20% Cu cutoff:	88,350,000 tons @ 0.282% Cu, 0.003 opt Au, 0.089 opt Ag
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0.25% Cu cutoff:	48,820,000 tons @ 0.329% Cu, 0.003 opt Au, 0.107 opt Ag
0.30% Cu cutoff:	23,720,000 tons @ 0.390% Cu, 0.003 opt Au, 0.118 opt Ag

The authors of the 2007 Technical Report compare results from the 14 verification holes drilled by Sheffield with results of nearby Placer Amex holes and suggest that the resource grades may be understated, perhaps significantly so, due to sampling and recovery issues with the old Placer Amex drilling.

- 2) The Superior Mine – occurs on private patented ground 3.2 km from the Moonlight deposit. Superior was operated jointly with the Engels Mine from 1914 to 1930, the two mines together producing 4.7 million tons of ore at a grade of 2.2% Cu, 0.5 opt Ag and 0.005 opt Au. Superior consists of 5 levels of underground workings over a vertical range of 245 m following a series of high-grade parallel stockwork veins 2.4 to 6.1 m wide and more than 600 m long. Surface and underground drilling by Placer Amex demonstrate significant open-pit porphyry-style disseminated mineralization remaining between the veins, possibly 43 million tons grading 0.56% Cu at a 0.3% Cu cutoff (this is an historical estimate of Placer Amex which was not prepared in accordance with NI 43-101).
- 3) The Engels Mine – on private patented ground 3.2 km from Superior, with 16 levels of underground workings following a wide vertical shear zone over a vertical range of 610 m. Sampling and drilling by Placer Amex indicates 19 million tons of 0.63% Cu remaining in underground workings which are no longer accessible, and perhaps 2 million tons of surface mineable material averaging 0.65% Cu in unmined shallow pillars (these are historical estimates of Placer Amex which were not prepared in accordance with NI 43-101). Additionally a supergene surface capping exists containing an undetermined amount of higher-grade supergene oxide-copper mineralization that could be an open-pit SX-EW leach target.

The Moonlight Copper Project is comprised of the Diane Claims, the Teagan Claims and the California- Engels Claims:

(a) Diane Claims

On March 23, 2005, the Company's wholly-owned subsidiary, Sheffield, entered into an assignment agreement to acquire an option to purchase an undivided 100% interest in the Diane 1 to Diane 8 mineral claims comprising 63 hectares in Plumas County, California, U.S.A., subject to a purchasable 2% net smelter returns royalty ("NSR"). The Company is obligated to two assignors and the vendor as follows: a) pay \$5,000 (paid); b) pay \$45,000 in three equal tranches, the first tranche paid on signing of the agreement (paid), the second tranche payable on receipt of regulatory approval (paid) and the third tranche payable 60 days following regulatory approval (paid); c) issue 650,000 common shares on receipt of regulatory approval (issued); d) issue 100,000 common shares by June 1, 2005 (issued); e) issue 200,000 common shares by June 1, 2006 (issued); f) issue 1,000,000 common shares 30 days after commencement of a pre-feasibility or feasibility study; g) issue 1,000,000 common shares 30 days after commencement of construction of a plant being installed for purposes of commercial mineral production; h) annual payments of \$20,000 by June 1 of each year, beginning in 2005 (\$20,000 paid for 2005, \$20,000 paid for 2006, \$20,000 paid for 2007 and \$20,000 paid for 2008); and i) payment of the annual lease fees for each claim.

The Agreement may be terminated by the Company at any time by giving written notice provided that the Company has to make payment of the related taxes to maintain the claims in good standing for 12 months from the date of termination.

Pursuant to the terms of the March 23, 2005 assignment agreement the issuance of the 2,000,000 shares due under f) and g) above will be accelerated in the event of a change of control of the Company; these shares will become due and issuable in that instance. Upon acquiring Sheffield, these 2,000,000 (1,600,000 post acquisition) common shares were issued.

(b) Teagan Claims

At September 30, 2008, Sheffield staked a 100% interest in 365 claims, located in Plumas County, California, U.S.A.

(c) California-Engels Claims

In April 2006, Sheffield entered into an exploration permit with option to lease and purchase with a

California company, enabling the Company explore and purchase up to 357 hectares of patented and fee lands that are located near the Company's Moonlight Project, subject to a 2% NSR capped at \$25,000,000. Under the terms of the agreement, the Company is required to pay \$20,000 for the exploration permit (paid). On initiation of the Mining lease, the Company must pay \$1,000 (paid) and issue 50,000 common shares (issued) upon regulatory consent to the agreement, make annual payments of \$20,000, and must issue an additional 200,000 common shares over two years (\$20,000 and 100,000 shares have been paid and issued for the 2007 obligation and \$20,000, 80,000 Nevoro shares (100,000 pre-acquisition) and an additional cash payment of \$3,600 to make up for the 20,000 pre-acquisition shares have been issued for the 2008 obligation.

The Company is also required to issue 200,000 common shares upon completion of a bankable feasibility study and upon construction of a mill. The Company may purchase the property at any time for \$10,000,000 or by issuing 1,000,000 common shares and paying an annual \$60,000 advance royalty.

During the period ended December 31, 2008, eleven core holes totaling 1,529.5 m were completed – seven on the Moonlight Valley porphyry-copper target and five on the Engels high-grade oxide-copper target. The results of this drilling are pending.

During the period ended December 31, 2008, the Company spent \$21,270,142 (2007 - \$NIL) on the Moonlight Project of which the most substantial portion, \$20,365,134 or 96% (2007 - \$NIL) was for acquisition costs. As at December 31, 2008 the Company reviewed the project for possible impairment in consideration of current economic conditions and has written-down the carrying costs to \$7,000,000 being management's estimate of net recoverable value.

Golden Loon Nickel Cobalt Project

The Company acquired the Golden Loon Nickel Cobalt Project as part of the Sheffield acquisition. During the period ended December 31, 2008, the Company spent \$3,070,818 (2007 - \$NIL) on the Moonlight Project of which the most substantial portion, \$3,073,338 or 100% (2007 - \$NIL) was for acquisition costs. In the third quarter of 2008, Nevoro entered into an option agreement with Black Panther Mining Corp. whereby Black Panther was granted an option to earn up to a 50% interest in Golden Loon. Subsequent to year end, Black Panther terminated the option agreement without earning into Golden Loon. Nevoro's management review resulted in the abandonment of the project, and the project has been written-off.

St. Elmo Project

The St. Elmo Project is situated in Elko County, approximately 100 km north of Elko, Nevada at the intersection of the northeast-trending Midas Trough structural zone and a zone of northwest-trending faults.

The project includes most of the historic Island Mountain mining district and consists of 432 contiguous claims totaling approximately 8,645 acres (13.2 square miles). Included within, or adjacent to, these large claim blocks are all or parts of five formerly productive mining areas: the St. Elmo, Rosebud, Diamond Jim, Gribble and Wildhorse - Garnet mines.

The St. Elmo Project consists of the Happy Tracks Property and the Diamond Jim Property.

On April 15, 2006, Goodsprings entered into a mining lease and option to purchase agreement with four arm's length individuals (collectively, the "Owners"), whereby Goodsprings was granted a five year lease with an option to purchase unpatented lode mining claims and water rights comprising the Happy Tracks Property, located in the State of Nevada, USA.

Goodsprings was granted the exclusive right to explore the Happy Tracks Property during the term of the lease for the following consideration:

- \$25,000 due upon signing (paid)
- \$30,000 due April 15, 2007 (paid)
- \$35,000 due April 15, 2008 (paid)
- \$10,000 due April 15, 2009
- \$10,000 due July 15, 2009
- \$45,000 due April 15, 2010

Goodsprings has the option to purchase the entire interest in the Happy Tracks Property for the sum of \$1,095,000. This option is exercisable at any time during the agreement. If, during the term of the Agreement, Goodsprings decides to purchase the Happy Tracks Property prior to the fifth anniversary of the signing of the Agreement, the purchase price may be reduced by \$100,000 for each full year left in the agreement.

Goodsprings shall pay the Owners a production royalty equal to 2.5% of any and all net smelter returns from the production or sale of minerals from the Happy Tracks Property. A 2.5% NSR royalty will be payable on all previously mined materials originating from the Happy Tracks Property, shipped or milled by Goodsprings. The royalty would be credited against future annual royalty payments or the final purchase price. The 2.5% NSR royalty would cease upon acquisition of the property by Goodsprings.

On December 1, 2006, Goodsprings entered into a mining lease and option to purchase agreement with an arm's length individual (the "Owner"), whereby it was granted a five year lease with an option to purchase the Diamond Jim Project unpatented lode-mining claims, located in the State of Nevada, USA.

Goodsprings was granted the exclusive right to explore the Diamond Jim Project during the term of the lease for the following consideration:

- \$30,000 due upon signing (paid)
- \$30,000 due on the first anniversary of the effective date and each subsequent anniversary of the effective date during the term of the agreement (\$60,000 paid)

Goodsprings has the option to purchase the entire interest in the Diamond Jim Project for the sum of \$400,000.

The Company shall pay the Owner a production royalty equal to 3.0% of the NSR from the production or sale of minerals from the property, of which the Company can purchase one third of the royalty (representing 1%) for \$1,000,000.

On January 11, 2008, the Company purchased from Victory Exploration Inc. ("Victory") the five-acre, patented Mardis claim, which controls the core of the Diamond Jim vein zone. The basic terms call for a \$5,000 payment upon signing (paid) and net smelter return ("NSR") royalty of 3.0% payable to Victory, the original owners. Nevoro can purchase the St. Elmo Mardis NSR royalty from Victory in increments of 1% for \$500,000 per 1%.

A cultural resources survey was completed by a consulting archaeologist and submitted to the Forest Service. The Forest Service has accepted the recommendations of the survey, which will allow the Company to proceed with permitting for the 2008 drilling program.

There were exploration expenditures of \$31,556 during the quarter ended March 31, 2008.

During the quarter ended June 30, 2008, the Company had an on-site meeting with the U.S. Forest Service to review the drilling permit application. Once the permits are approved, the Company plans to begin drilling at St. Elmo. The Company anticipates that it will spend approximately \$650,000 on the drilling program at St. Elmo.

During the quarter ended September 30, 2008, no material exploration, as the Company was evaluating its Stillwater, Moonlight and Golden Loon Project.

During the period ended December 31, 2008, the Company spent \$193,144 (2007 - \$6,311,220) on the St. Elmo Project of which the most substantial portion, \$130,308 or 67% (2007 - \$5,579,854 or 88%) was for acquisition costs.

The project, after a review for impairment, was written-down to management's estimate of recoverable value of \$1,231,000.

Silver King Project

The project is situated in Lincoln County, approximately 133 km south of Ely, Nevada at the intersection of the southern extension of the northwest-trending Cortez trend and the west-trending Midway-Warm Springs fault zone. The project has potential for Carlin-style gold deposits, copper-gold-silver-zinc skarn deposits and copper-gold porphyry deposits.

During the period ended December 31, 2008, the Company spent \$236,869 (2007 - \$1,578,087) on the Silver

King Project of which the most substantial portion, \$111,964 or 47% (2007 - \$1,760 or less than 0.01%) was for drilling. The Company has decided to abandon the project and it has been written-off.

Dome Hill Project

The Dome Hill project is situated along the California-Nevada border, approximately 45 km west-southwest of Hawthorne, Nevada. The project comprises a block of 153 claims: 147 claims located by the Company, one leased patented claim and, five leased unpatented claims which were obtained by lease on October 12, 2007. The project shows potential for high-grade gold-silver mineralization in epithermal veins as well as a deeper porphyry copper-gold-molybdenum-silver mineralization system.

The Company is required to make the following rental payments on the Dome Hill Project:

- \$10,000 during the year ended December 31, 2007 (paid)
- \$10,000 during the year ended December 31, 2008 (paid)
- \$15,000 during the year ended December 31, 2009
- \$20,000 on the subsequent anniversaries of the effective date of the agreement, up to 2027.

The Company has the option to purchase the claims for \$125,000 and the owner retains a 3% NSR royalty. Nevoro may purchase 1/3 of the royalty for \$1,000,000.

The Company holds rights to additional claims in the Dome Hill project and has the option to purchase for \$75,000.

During the year ended December 31, 2008, a revised Plan of Operations, which expanded the planned drilling program, was submitted to the US Forest Service. The biological survey was completed and archaeology consultants were retained for the cultural survey.

During the year ended December 31, 2008, the Company spent \$144,169 (2007 - \$992,616) on the Dome Hill Project of which the most substantial portion, \$87,581 or 61% (2007 - \$6,363 or 0.5%) was for permitting. The project has been written-down to management's estimate of recoverable value of \$215,000.

Jenny Hill

The Jenny Hill project comprises 182 unpatented claims in Mineral County, about 100 km (60 miles) southeast of Fallon, NV. The property is located on the northern margin of the Walker Lane structural belt and is situated on-trend between the 1.7 million oz Rawhide gold mine and the 1.5 million oz Paradise Peak gold mine.

During the year ended December 31, 2007, the Company entered into a mining lease and option to purchase agreement with an arm's length party, with respect to the Jenny Hill Property, situated in Nevada's Walker Lane structural belt. The basic lease terms call for a payment of \$11,700 (paid) on signing with payments of \$15,000 (paid), \$25,000, \$35,000 and \$50,000 due on subsequent anniversaries. The Company is required to purchase the claims for \$500,000 before mining activity begins. Up to \$300,000 of previously made payments will be credited towards the \$500,000 purchase price. A 3% NSR royalty to the original owner survives the purchase of the claims, and one third of this royalty can be purchased for \$1,000,000.

During the year ended December 31, 2008, there was no exploration work done on the property. The Company currently plans on holding off on further exploration on this property while it evaluates its Stillwater and Moonlight properties.

During the period ended December 31, 2008, the Company spent \$39,178 (2007 - \$81,943) on the Jenny Hill Project of which all of the expenditure of \$39,178 or 100% (2007 - \$36,072 or 44%) was for acquisition costs. The project has been written-down to management's estimate of recoverable value of \$23,000.

Eagleville Project

The Eagleville project is located in Mineral County, Nevada. The project comprises 59 unpatented lode claims covering approximately 1,180 acres or 476 hectares. Nevoro holds exclusive rights to the project by virtue of a Mining Lease with Option to Purchase Agreement with an effective date of August 1, 2006.

The basic lease terms call for a \$10,000 payment within thirty days following a merger of the lessee into a public

company (paid) a \$10,000 payment on the first anniversary of the agreement (paid), a \$15,000 payment on the second anniversary (paid), a \$20,000 payment on the third anniversary, a \$25,000 payment on the fourth anniversary and a \$50,000 payment on the fifth and all subsequent anniversaries. The minimum payments will be credited against the royalty but not the purchase price.

The Company can exercise the purchase option by making a payment of \$300,000, subject to a 3% NSR royalty on minerals except for barite, which is 10%. The Company has the option to purchase one third of the royalty for \$1,000,000.

The Company must fulfill the following work commitments: \$5,000 during the first lease year (fulfilled), \$25,000 during the second lease year (fulfilled), \$50,000 during the third lease year (fulfilled) and \$100,000 during the fourth lease year, and every year thereafter.

All work expenditures in excess of the requirement will be credited to the following year's work commitment. For any work commitment not fulfilled, the Company will pay the owner seventy-five percent of the difference between the actual expenditure and the minimum work commitment.

During the quarter ended March 31, 2008, a detailed geologic and alteration map of the project was completed and indicated that several phases of intrusive related mineralization and hydrothermal alteration exist. Sampling results have expanded the known areas of surface gold mineralization.

During the quarter ended June 30, 2008, a detailed mapping program was begun on the area containing surface exposures of the three main veins.

During the quarter ended September 30, 2008, the Company continued with its mapping program for the property.

The Company currently plans on holding off on further exploration on this property while it evaluates its Stillwater and Moonlight properties.

During the period ended December 31, 2008, the Company spent \$111,173 (2007 - \$995,789) on the Eagleville Project of which the most substantial portion, \$51,390 or 46% (2007 - \$54,210 or 5.4%) was for salaries and benefits on this project. The project has been written-down to management's estimate of recoverable value of \$209,000.

Cross

The Cross project is located in Lincoln County, Nevada and can be accessed from Ely, Nevada, which is approximately 140 km from the project and offers a full range of services. The project comprises 169 unpatented lode claims covering approximately 3,380 acres or 1,368 hectares.

During the quarter ended March 31, 2008, a planned 12-hole RC drilling program was completed. Results were negative and the property was written down during the period ended March 31, 2008.

During period ended September 30, 2008, the Company official served notice to the Lessors of the Cross Project with their intent to terminate the Mining Lease and Option to Purchase Agreement dated August 1, 2006. The termination was effective on July 28, 2008. After a review, management decided to abandon the project and it has been written-off.

Boulderfield Project

The Boulderfield project is located in Nye County, Nevada. The project comprises 89 unpatented lode claims covering approximately 1,780 acres or 720 hectares.

During the quarter ended March 31, 2008, a six-hole RC drilling program was completed. Results were negative and the property was written down during the period ended March 31, 2008.

During the period ended September 30, 2008, the Company official served notice to the Lessors of the Boulderfield Project with their intent to terminate the Mining Lease and Option to Purchase Agreement dated August 1, 2006. The termination was effective on July 2, 2008. After a review, management decided to abandon the project and it has been written-off.

Monarch Project

The Monarch project is located in Nye County, Nevada. The project comprises 72 unpatented lode claims covering approximately 1,440 acres or 580 hectares. Nevoro holds a 100% interest in the property through a Mining Lease and Option to Purchase Agreement dated October 2, 2007.

The basic lease terms call for a \$4,000 payment on signing (paid), a \$25,000 payment on the first anniversary (paid) and a \$100,000 payment on the second anniversary.

Minimum advance royalty payments of \$30,000, \$50,000 and \$75,000 are due on subsequent anniversaries. A sliding scale NSR from 3% to 6% on the price of gold, a sliding scale NSR from 2.5% to 5% based on the price of copper, and a 3% NSR on other metals, is payable to the original owner and survives the purchase of the claims. Nevoro can purchase a 1% NSR royalty for \$1,000,000.

Nevoro is required to conduct a gravity survey on the property during the first year.

The Company has the option to purchase the project for \$129,000 consisting of the minimum payments paid on execution of the agreement and on the first and second anniversaries of the effective date mentioned above.

During the quarter ended March 31, 2008, a Notice of Intent was filed with the BLM to drill two to four RC holes on the project.

During the quarter ended June 30, 2008, the BLM approved the Notice of Intent, and two drill pads were constructed.

During the quarter ended September 30, 2007, a \$6,900 reclamation bond was put in place with the BLM.

During the period ended December 31, 2008, two RC holes were attempted on the Monarch project but both were abandoned far short of target depth due to severe drilling problems related to back ground conditions.

During the period ended December 31, 2008, the Company spent \$272,785 (2007 - \$79,471) on the Monarch Project of which the most substantial portion, \$184,912 or 68% (2007 - \$NIL or 0%) was for drilling.

Long Canyon

The Long Canyon project is located in Blaine County, Idaho. The project comprises 64 unpatented lode claims covering approximately 1,280 acres or 517 hectares. Nevoro holds a 100% interest in the property by virtue of staking the claims.

During the quarter ended March 31, 2008, there was no exploration activity on this project.

During the quarter ended June 30, 2008, a Notice of Intent was filed with the BLM to permit the drilling of two holes near the old Cominco drill holes, which found porphyry copper style mineralization.

During the quarter ended September 30, 2008, a \$10,100 reclamation bond was put in place with the BLM.

The Company plans on having geophysical sampling and further drill target development on this project and it anticipates that it will spend approximately \$75,000.

During the period ended December 31, 2008, the Company spent \$26,251 (2007 - \$59,124) of which the most substantial portion, \$10,100 or 38% (2007 - \$NIL or 0%) was for reclamation.

CD Project

The project is located in Esmeralda County, Nevada. The project comprises 16 unpatented lode claims covering approximately 320 acres or 140 hectares. Nevoro has 100% ownership of the mineral rights for 16 unpatented lode claims by virtue of Nevoro locating the claims and the payment of annual claim rental fees to Esmeralda County and the BLM.

During the quarter ended March 31, 2008, there was no exploration activity on this project.

During the quarter ended June 30, 2008, there was no exploration activity on the project.

During the quarter ended September 30, 2008, there was no exploration activity on the project.

The Company currently plans on holding off on exploration on this property while it evaluates its Stillwater and Moonlight properties.

Germany Canyon Project

The project is located in Nye County, Nevada. The project comprises 15 unpatented lode claims covering approximately 300 acres or 121 hectares. Nevoro has 100% ownership of the mineral rights for 15 unpatented lode claims by virtue of Nevoro locating the claims and the payment of annual claim rental fees to Nye County and the BLM.

During the quarter ended March 31, 2008, there was no exploration activity on this project.

During the quarter ended June 30, 2008, there was no exploration activity on the project.

During the quarter ended September 30, 2008, there was no exploration activity on the project.

The Company currently plans on holding off on further exploration on this property while it evaluates its Stillwater and Moonlight properties.

OVERALL PERFORMANCE

The year ended December 31, 2008, was the Company's first full year since being an inactive company. During 2008, the Company completed mergers with two other companies, Sheffield and Aurora, respectfully, and grew in activity, number of employees and office locations. During the year it also completed a private placement, in two tranches, totaling \$9.0 million (CDN\$9.3 million) in gross proceeds. Later in 2008, due to the overall collapse in financial markets, the Company went into a cash conservation mode and, as a result, began downsizing its Toronto office and laid off three of its eight full-time employees. Subsequently, in early 2009, the Reno, Nevada office was closed.

The financial results for the period ended December 31, 2008, reflect the Company's growth and increased level of field work from the same point in time last year and in comparison with the prior fiscal year. The Company is now an active exploration company, has offices in Toronto, Ontario, Canada and Spokane, Washington, USA, and has hired additional employees and consultants. In the prior year, the Company had commenced operations effective February 5, 2007, focused on exploration only in the last half of the fiscal year, had less office space than it currently has as well as less employees and consultants.

Increases in all general accounts are a result of the reactivated status of the Company and are all normal costs associated with starting up and running a public company in this industry, including establishing a head office and related personnel. General exploration comprises costs related to acquiring ground and planning and supervision of the field exploration activities getting underway that cannot be assigned to particular properties. . Addition discussion of variations between years is given below in Results of Operations.

The Company's unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of the Company's business. The Company's cashflow is dependent on the Company's ability to obtain financing to continue its operations. As a mineral exploration company, the Company has no present sources of revenue, other than interest earned on cash and short-term money market instruments or derived from the proceeds of issuing share capital. There are presently no quantifiable deposits of minerals known on the mineral exploration properties of the Company, and activities of the Company on the properties constitute exploratory searches for minerals.

The Company funds its corporate and administrative costs, the costs of assembling its packages of exploration properties, exploration costs, assessing and purchasing additional business opportunities and other normal course expenditures, through equity financings, sale or joint venture of properties, or a combination of these alternatives. The ability to raise such funding will depend, among other things, on the state of gold and other commodity markets and on the state of equity and financial markets in general as well as the exploration results

achieved on the properties.

SELECTED ANNUAL INFORMATION

The following summary presents certain key financial information which is more fully disclosed in the accompanying audited consolidated financial statements.

	Twelve months ended Dec 31, 2008 (\$)	Twelve months ended Dec 31, 2007 (\$)	Twelve months ended Dec 31, 2006 (\$)
Total revenues	-	-	-
Expenses (less stock based compensation)	3,720,396	1,122,590	66,922
Net loss	24,833,477	3,854,188	66,922
Net loss Per Share (basic and fully diluted)	.22	.06	.07
Total assets	29,656,866	18,024,653	3,230
Total long-term financial liabilities	-	-	-
Cash dividend	-	-	-

Note: Net loss per share on a fully diluted basis is the same as net loss per share on an undiluted basis, as all factors considered in the calculation are anti-dilutive.

Discussion of variations from period to period are noted below in Results of Operations.

RESULTS OF OPERATIONS

Net loss for the year ended December 31, 2008 was \$24,833,477 compared to a net loss of \$3,854,188 for the year ended December 31, 2007. The difference was due primarily to a write-down of mineral interests of \$28,441,866 less a related future income tax recovery of \$8,119,400 in 2008.

General and administrative expenses for the year ended December 31, 2008 were \$4,376,179 compared to \$3,475,996 in 2007. The variation in expenses between years was due mainly to the combination of the following:

- Salaries and benefits were \$1,003,738 in 2008 compared to \$236,649 in 2007. The increase is primarily because in 2007, the Company had minimal staff, and was sharing the cost for this staff with another company for most of the year. Also in 2008, severance costs were incurred relating to the VP of Legal Affairs and the VP of Investor Relations. Although salary and benefits were higher in 2008, the Company expects these costs to be significantly reduced in 2009 as a result of layoffs and other cost reducing measures taken in 2008.
- During the period ended December 31, 2008, the Company granted stock options to directors, officers and consultants, however the amount of stock options granted was much less than those granted during the same period in the prior year, and consequently stock based compensation was \$655,783 compared to \$2,353,406 in 2007.
- Foreign exchange loss was \$969,046 in 2008 compared to a gain of \$10,422 in 2007 due to a devaluation in the Canadian dollar.
- Warrant revaluation expense was \$385,314 in 2008 compared to \$NIL in 2007 as a result of the Company extending the expiration date of all warrants in 2008.
- In 2008, there was increased marketing to familiarize investors with the Company, as well as facilitate the two acquisitions and the financing as discussed under "Business Acquisitions" and "Liquidity and Capital Resources" in this MD & A. Several executives traveled widely during the period ended December 31, 2008 on investor tours and to trade shows, as well as for communication with investors. Consequently, both travel and investor relations costs are substantially higher than in the prior year. \$321,625 (2007 - \$171,957) for travel and \$160,433 (2007 - \$84,705) for investor relations was spent during the period.

- During the period ended December 31, 2008, the Company had increased operations, and was required to consult with legal, accounting and other professionals on a variety of general matters; therefore, legal, audit and other professional fees were \$199,233 as compared to \$102,065 in 2007.
- Total occupancy costs for the period ended December 31, 2008, were \$128,676 as compared to \$53,996 in the prior year. The increase in costs was due primarily to opening an additional office in 2008. With the increase in offices there was a corresponding increase in office and miscellaneous costs as well; \$176,947 in 2008 compared to \$105,156 in 2007. Both occupancy and related office costs are expected to decrease in 2009 as a result of closing the Reno office and downsizing the Toronto office.
- There was a general increase in all other expenses not explained above between 2008 and 2007 as a result of increased activity.

The Company plans to continue its cash conservation mode through 2009 or until financial markets improve if earlier. Development and exploration costs for 2009 are expected to consist primarily of organizing, compiling, and interpreting the vast amount of data acquired in the Sheffield and Aurora acquisitions.

SUMMARY OF QUARTERLY INFORMATION

The following two-part table presents key financial data on a quarter by quarter basis for the most recent eight financial quarters of the Company for each of the aforementioned eight quarters. The effects of the reactivation of the Corporation, the business acquisition, the financings, the TSX listing and commencement of the field work as described elsewhere in this MD&A are clearly reflected in the increased balances in the working capital, mineral interests (exploration activity) and general administration accounts. The information contained is from the financial statements of the Corporation for each of the respective quarters and translated into US\$ funds at the rate prevailing at the end of each quarter for assets and liabilities and at the average rate for income and expenses.

Year Quarter	2008 December 31,	2008 September 30,	2008 June 30,	2008 March 31,
Mineral interests	\$ 23,499,000	\$ 49,472,800	\$ 24,782,831	\$ 11,756,327
Working capital (deficit)	5,452,671	7,948,617	8,436,312	4,069,448
Revenue	NIL	NIL	NIL	NIL
Expenses (less stock-based compensation)	1,642,546	824,260	738,801	514,789
Net Loss (1),(2),(3),(4)	21,442,603	1,094,835	824,288	1,471,751
Net Loss (income) (per Common Share) (Basic & Diluted)	\$ 0.18	\$ 0.01	\$ 0.01	\$ 0.02

(1) For the quarter ended December 31, 2008, Net Loss includes the following: interest income of \$15,468, general exploration costs written off and write-down of mineral interests of \$27,217,600, stock-based compensation of \$79,425 and future income tax recovery of \$7,481,500.

(2) For the quarter ended September 30, 2008, Net Loss includes the following: interest income of \$43,119, general exploration costs written off and write-down of mineral interests of \$61,161, stock-based compensation of \$394,033 and future income tax recovery of \$141,500.

(3) For the quarter ended June 30, 2008, Net Loss includes the following: interest income of \$15,994, general exploration costs written off and write-down of mineral interests of \$22,381, stock-based compensation of \$NIL and future income tax of \$79,100.

(4) For the quarter ended March 31, 2008, Net Loss includes the following: interest income of \$29,360, general exploration costs written off and write-down of mineral interests of

\$1,379,497, stock-based compensation of \$182,325 and a future income tax recovery of \$575,500.

Year Quarter	2007 December 31,	2007 September 30,	2007 June 30,	2007 March 31,
Mineral interests	\$ 12,129,939	\$ 10,746,618	\$ 9,054,987	\$ 10,419,800
Working capital (deficit)	5,451,802	6,568,274	7,546,806	4,559,773
Revenue	NIL	NIL	NIL	NIL
Expenses (less stock-based compensation)	493,407	347,589	90,905	190,689
Net Loss (income) (5),(6),(7),(8)	382,666	3,289,123	(7,880)	190,279
Net Loss (income) (per Common Share) (Basic & Diluted)	\$ 0.01	\$ 0.04	\$ 0.00	\$ 0.01

(5) For the quarter ended December 31, 2007, Net Loss includes the following: interest income of \$49,320, general exploration costs written off of \$386,727, stock-based compensation recovery of \$547,948 (a), and future income tax of \$99,800.

(a) Due to the reallocation to mineral properties of stock based compensation previously expensed as discussed elsewhere in this MD & A.

(6) For the quarter ended September 30, 2007, Net Loss includes the following: interest income of \$68,486, general exploration costs written off of \$36,273, stock-based compensation of \$2,901,354, and a future income tax expense of \$72,393.

(7) For the quarter ended June 30, 2007, Net Loss includes the following: interest income of \$36,680, general exploration costs written off of \$39,458 and a future income tax recovery of \$101,563.

(8) For the quarter ended March 31, 2007, Net Loss includes the following: interest income of \$762, general exploration costs written off of \$148,416 and a future income tax recovery of \$148,135.

“Mineral interests”, the cumulative amount expended on the Corporation’s exploration activities, increased from \$1 for the year ended December 31, 2006 when the Company was inactive, as well as quarter to quarter as a result of the increasing level of continuing exploration activity. Over the first two quarters of 2007, the Company was just commencing exploration activity, and while there was a substantial increase from \$1 to \$10,419,800 during the first quarter ended March 31, 2007, the majority of that increase has to do with the acquisition of Nevoro Nevada. The quarter ended June 30, 2007, the Company only incurred exploration and acquisition costs of \$30,398, compared to the quarters ended March 30, 2007, (an increase of \$1,691,631 from September 30, 2007) and December 31, 2007, (an increase of \$1,383,321 from September 30, 2007).

During the quarter ended March 31, 2008, while the Company did incur exploration costs on various projects, which can be found elsewhere in this MD & A, it wrote down \$1,355,153 from its properties; therefore, there was a decrease in the Mineral Interests. During the quarter ended June 30, 2008, the majority of the increase of \$13,026,504 was due to the acquisition of Aurora. During the quarter ended September 30, 2008, the majority of the increase of \$24,689,969 was due to the acquisition of Sheffield.

The Company’s working capital, which is comprised of current assets less current liabilities, decreased from quarter to quarter mainly as a result of the decrease in cash and equivalents that went to fund exploration and corporate activities and the increase quarter to quarter reflecting the higher accounts payable and accruals for exploration and corporate activity following the return to active business, and is all in the normal course of business. In 2006, the increase of \$20,583 in the working capital deficit was due mainly to the increase of accounts payable and accruals for corporate activity only with no cash inflow. However, beginning in the quarter ended March 31, 2007, the increase of \$3,998,209 was mainly due to the closing of several private placements and minimal operating costs, with similar transactions occurring during the quarter ended September 30, 2007 for a quarterly increase of \$3,597,587. Commencing in the quarter ended September 30, 2007 up to the quarter ended March 31, 2008, the Company continuously expanded, resulting in quarterly decreases of working capital

of \$978,532, \$1,116,472 and \$1,382,354 respectively. During the quarter ended June 30, 2008, working capital increased by \$4,366,864 mainly due to an inflow of cash from a closing of a financing as discussed elsewhere in this MD & A. During the quarter ended September 30, 2008, working capital decreased only slightly by \$487,695 compared to the decreases in prior quarters. While the Company was fully operational during the quarter, the second tranche of the private placement financing helped keep the decrease in working capital to a minimum.

From quarter to quarter, a marked increase in general and operating expenses can be seen. Commencing in the quarter ended March 31, 2007, general expenses increased by \$167,832 reflecting the commencement of operations of the Company in February 2007. The decrease in the quarter ended September 30, 2007, reflects less office and general costs, and professional fees due to the fact that a substantial portion would have been incurred when the office was first set up. Subsequent to this quarter, for the quarters ended September 30, 2007, December 31, 2007, March 31, 2008, June 30, 2008, September 30, 2008 and December 31, 2008 the increase in general expenditures in total from \$347,589 to \$493,408 to \$514,789, \$783,801, \$824,260 and \$1,642,546 respectively is due to the fact that the Company has, from quarter to quarter steadily increased its operations, its office space, its employees, and other general expenses that are associated with running a public company.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash as at December 31, 2008 was \$5,736,795 (2007 - \$5,688,376). The majority of the increase is due to the fact that during the period ended December 31, 2008, the Company raised funds through the issuance of 20,015,500 units at a price of CDN\$0.35 for gross proceeds of \$6,846,402 (CDN\$7,005,425) that closed on June 12, 2008, and the issuance of 6,675,714 private placement units at a price of CDN\$0.35 for gross proceeds of \$2,188,132 (CDN\$2,336,500) that closed on August 8, 2008. The agents for the financing were paid a 6.5% commission of \$439,262 (CDN\$449,362) and \$137,653 (CDN\$147,613) respectively and fees of \$88,605 (CDN\$90,643) and \$15,834 (CDN\$16,979) respectively, for total net proceeds to the Company of \$6,318,635 (CDN\$6,465,420) and \$2,034,645 (CDN\$2,171,908) respectively.

The Company had \$615,569 of accounts payable and accrued liabilities as at December 31, 2008 (2007 - \$369,107). This increase is due to increased exploration expenses (specifically drilling), increased general and administrative costs, and increased professional fees. Consequently, the Company's working capital as at December 31, 2008 was \$5,452,671 (2007 - \$5,451,802).

Total mineral interests were \$23,499,000 as at December 31, 2008, compared to \$12,129,939 as at December 31, 2007. Descriptions of the exploration and other activities and summaries of results are presented elsewhere in this MD&A.

During the period ended December 31, 2008, the Company had a full scale exploration plan in place, and acquired two companies. Consequently, it spent \$39,810,927 in cash and stock on almost its full suite of exploration properties from Nevoro Nevada, the acquisition of its Stillwater Project (as discussed elsewhere in this MD & A) and on its acquisition of the Moonlight Project and the Golden Loon Project (as discussed elsewhere in this MD & A). Acquisition and exploration costs were comprised primarily of acquisition costs of \$37,012,894 (2007 - \$10,341,444), drilling costs of \$1,160,391 (2007 - \$111,632), salaries and benefits of \$418,626 (2007 - \$877,390), consulting costs of \$680,829 (2007 - \$225,283) and geological costs of \$118,837 (2007 - \$36,761).

Due to the current crisis in the financial markets, the Company is in a cash conservation mode but has sufficient cash to maintain its properties and meet all obligations through 2009. The Company is actively seeking joint venture partners for its properties in Nevada to decrease its property maintenance costs. Development and exploration costs for 2009 are expected to consist primarily of organizing, compiling, and interpreting the vast amount of data acquired in the Sheffield and Aurora acquisitions. The Company plans to postpone most large cash expenditures for items such as extensive drilling programs and property acquisitions subject to financial markets improving or the presentation of exceptional business opportunities.

During the period, the Company terminated three of its employees under management contracts, and is required to make payments totaling \$248,856 from November 1, 2008 to October 31, 2009.

Commitments and Contingencies

The Company assumed the lease for its head office space in Toronto, Ontario effective July 1, 2007 under a lease agreement which expires on September 30, 2011.

It signed a lease for its office space in Spokane, Washington, USA effective January 1, 2008 under a lease agreement, which expires on December 31, 2010.

It signed a lease for its office space in Reno, Nevada, USA effective March 1, 2008 under a lease agreement, which expires on February 28, 2009.

Annual lease payments under the agreements are as follows for the years ending:

December 31, 2009	111,019
December 31, 2010	109,526
December 31, 2011	61,492
	<u>\$ 282,037</u>

The Company is party to management contracts whereby additional payments of up to \$732,000 may need to be made upon the occurrence of certain events. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the audited consolidated financial statements.

The Company had cash and cash equivalents of \$5,736,795 as at December 31, 2008 compared to \$5,688,376 as at December 31, 2007. While the Company has spent cash due to exploration expenses, as well as administrative expenses incurred in the period ended December 31, 2008, the financings that closed on June 12, 2008 and August 8, 2008 (as discussed below) were the major contributors to the increase in cash for the period ended December 31, 2008. The increase in cash led to a similar increase of working capital from \$5,451,802 at December 31, 2007 to working capital of \$5,452,671 at December 31, 2008.

Additional requirements for capital may be met through equity financings, loans, sale or joint venture of properties, or a combination of these alternatives to maintain an adequate liquidity base with which to support its operations. If such alternatives are unavailable for any reason, the Company may become unable to carry out its current business plan. The Company intends to fund all future commitments with cash on hand, or through any financing alternative it may have available to it at the time in question.

On June 12, 2008, the Company completed the first tranche of a private placement financing of 20,015,500 units priced at \$0.34 (Cdn\$0.35) per unit for total gross proceeds of \$6,846,402 (Cdn\$7,005,425). Each unit consisted of one common share of the Company and one half of one common share purchase warrant, with each whole warrant enabling the holder to acquire one common share of the Company at an exercise price of Cdn\$0.50 (US\$0.49) until June 12, 2011.

The agents for the private placement received 1,283,892 broker warrants as a commission with the same terms as the private placement units. The agents also received a cash commission of \$439,262 (Cdn\$449,362) and fees of \$88,605 (Cdn\$90,643) recorded as a cost of issue.

The fair value of the 10,007,750 warrants, and the 1,283,892 broker warrants granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield of 0%; expected volatility of 79%; risk-free interest rate of 3.4%; and an expected life of 2 years. The warrants were assigned a fair value of \$742,971 (Cdn\$760,228). The broker warrants were assigned a fair value of \$87,832 (Cdn\$89,872) and are recorded as a cost of issue.

On August 8, 2008, the Company raised funds through the issuance of 6,675,714 private placement units priced at \$0.328 (Cdn\$0.35) per unit for total gross proceeds of \$2,188,133 (Cdn\$2,336,500). Each unit consisted of one common share and one half of one common share purchase warrant, each warrant enables the holder to acquire one common share of the Company at an exercise price of Cdn\$0.50 (US\$0.47) until June 12, 2011.

The agents for the private placement received 421,750 broker warrants as a commission with the same terms as the private placement units. The agents also received a cash commission of \$137,653 (Cdn\$147,613) and fees of \$15,834 (Cdn\$16,979) recorded as a cost of issue.

The fair value of the 3,337,857 warrants, and the 421,750 broker warrants granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield of 0%; expected volatility of 93%; risk-free interest rate of 2.71%; and an expected life of 2 years. The warrants were assigned a fair value of \$292,614 (Cdn\$312,579). The broker warrants were assigned a fair value of \$30,018 (Cdn\$32,053) and are recorded as a cost of issue.

As at December 31, 2008, the Company had 26,919,413 warrants outstanding that if exercised would generate an additional CDN\$13,210,878 in cash.

On March 5, 2008, the Company granted 675,000 stock options that vest immediately to employees and consultants at an exercise price of CDN\$0.60 that expire on March 5, 2013. The fair value of each option granted was estimated at the date of grant using the Black-Scholes option model with the following assumptions: expected dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 3.9% and an expected life of 5 years. The options were assigned a fair value of \$289,575. A portion of the options, were granted to employees and consultants that work solely on the mineral properties. The value of the options granted to them has been recorded pro-rata in the financial statements between the various mineral properties and general exploration expense. The remainder is recorded as a general expense in the unaudited interim consolidated financial statements.

On August 8, 2008, the Company granted 300,000 stock options to a director at an exercise price of CDN\$0.31 as a finder's fee for the Sheffield acquisition

The fair value of each option granted was estimated at the date of grant using the Black-Scholes option model with the following assumptions: expected dividend yield of 0%; expected volatility of 98%; risk-free interest rate of 3.46% and an expected life of 5 years. The options were assigned a fair value of \$61,580 which has been allocated as a cost of the Sheffield acquisition.

On August 15, 2008, the Company granted 3,760,000 stock options to directors, officers, consultants and employees of the Company at CDN\$0.22. The options vested immediately.

The fair value of each option granted was estimated at the date of grant using the Black-Scholes option model with the following assumptions: expected dividend yield of 0%; expected volatility of 98%; risk-free interest rate of 3.46% and an expected life of 5 years. The options were assigned a fair value of \$581,005 of which \$186,972 has been allocated to mineral interests and general exploration on a pro-rata basis.

On November 19, 2008, the Company granted 100,000 stock options to acquire 100,000 common shares exercisable at CDN\$0.04 per share on or before November 19, 2013, to a consultant and an employee of the Company. The options vested immediately.

The fair value of each option granted was estimated at the date of grant using the Black-Scholes option model with the following assumptions: expected dividend yield of 0%; expected volatility of 98%; risk-free interest rate of 2.64%; and an expected life of 5 years. The options were assigned a value of \$2,425.

As at December 31, 2008, the Company had 17,333,799 stock options outstanding, that if exercised would generate an additional CDN\$6,578,112 in cash.

As noted above, the Company is focused on precious and base metal resource exploration and development in the United States and Canada. There can be no assurance that such business undertaking will be profitable or otherwise successful. The Company's continued existence depends on its ability to raise further financing for working capital as the need may arise. Mineral exploration is subject to numerous and substantial risks. The Company does not expect to receive any income in the foreseeable future.

The Company's success is dependent on the knowledge and expertise of its management and employees and their ability to identify and advance attractive business opportunities.

Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in the Company's liquidity or capital resources either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in the Company's liquidity and capital resources will be substantially determined by the success or failure of any new proposed business of the Company and its ability to obtain equity financing.

The Company's current project commitments that affect liquidity are set out in the table below: (The Company officially terminated its lease with the owners of the Cross and Boulderfield Projects and no further payments are required).

PROJECT	DATE OF PAYMENT	AMOUNT OF PAYMENT	NOTES TO PROJECTS
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Monarch	<p>Upon Signing of Agreement: October 2, 2007</p> <p>1st Anniversary: October 2, 2008</p> <p>2nd Anniversary: October 2, 2009</p> <p>3rd Anniversary: October 2, 2010</p> <p>4th Anniversary: October 2, 2011</p> <p>5th Anniversary: October 2, 2012 (and all subsequent)</p>	<p>\$4,000 (paid)</p> <p>\$25,000 (paid)</p> <p>\$100,000</p> <p>\$30,000</p> <p>\$50,000</p> <p>\$75,000</p>	If the Company exercises and closes its \$129,000 option to purchase, then the minimum advance royalty on the 3rd and subsequent anniversaries are as listed.
Silver King	<p>Upon Signing of Agreement: September 1, 2006</p> <p>1st Anniversary: September 1, 2007</p> <p>2nd Anniversary: September 1, 2008</p> <p>Each anniversary thereafter:</p> <p>If exercise option, then each anniversary:</p>	<p>\$6,000 (paid)</p> <p>\$12,000 (paid)</p> <p>\$18,000 (paid)</p> <p>\$24,000</p> <p>\$50,000</p>	If the Company exercises and closes its \$300,000 option to purchase, then the anniversary payments are \$50,000.
Eagleville	<p>Within 30 days of merger: February 22, 2007</p> <p>1st Anniversary: August 1, 2007</p> <p>2nd Anniversary: August 1, 2008</p> <p>3rd Anniversary: August 1, 2009</p> <p>4th Anniversary: August 1, 2010</p> <p>5th Anniversary: August 1, 2011 (and all subsequent)</p> <p>After purchase option exercised:</p> <p>1st Lease Year:</p> <p>2nd Lease Year:</p> <p>3rd Lease Year:</p> <p>4th Lease and each thereafter:</p>	<p>\$10,000 (paid)</p> <p>\$10,000 (paid)</p> <p>\$15,000 (paid)</p> <p>\$20,000</p> <p>\$25,000</p> <p>\$50,000</p> <p>\$5,000</p> <p>\$25,000</p> <p>\$50,000</p> <p>\$100,000</p>	If the Company exercises and closes its \$300,000 option to purchase, then the anniversary payments are \$5,000 for the 1st lease year, \$25,000 for the 2nd lease year, \$50,000 for the 3rd lease year and \$100,000 for the 4th lease year and every thereafter.
Germany Canyon	N/A	N/A	100% Owned
Jenny Hill	<p>Upon Signing of Agreement: September 18, 2007</p> <p>1st Anniversary: September 18, 2008</p> <p>2nd Anniversary: September 18, 2009</p> <p>3rd Anniversary: September 18, 2010</p> <p>4th Anniversary: September 18, 2011 (and all subsequent)</p>	<p>\$11,700 (paid)</p> <p>\$15,000 (paid)</p> <p>\$25,000</p> <p>\$35,000</p> <p>\$50,000</p>	Minimum payments up to \$300,00 shall constitute advance payments of \$500,000 Option to Purchase.
Stealth	N/A	N/A	Property owned 100% by

			Company and leased out for rental payments.
Warm Springs	N/A	N/A	Property owned 100% by Company and leased out for rental payments.
Long Canyon	N/A	N/A	100% Owned
Cedar	N/A	N/A	100% Owned
Dome Hill	Upon Signing of Agreement: October 12, 2007 1st Anniversary: July 11, 2008 2nd Anniversary: July 11, 2009 3rd Anniversary: July 11, 2010 (and all subsequent) After purchase option exercised: (every lease year)	\$10,000 (paid) \$10,000 (paid) \$15,000 \$20,000 \$20,000	If the Company exercises and closes its \$125,000 option to purchase, then the anniversary payments are as listed under “ After purchase option exercise ” and are credited against Royalties

St. Elmo (Diamond Jim)	Upon Signing of Agreement: December 1, 2006 1st Anniversary: December 1, 2007 (and all subsequent) On 5th Anniversary: Option to Purchase	\$30,000 (paid) \$30,000 (paid 1st anniversary) \$400,000	
St. Elmo (Happy Tracks)	Upon Signing of Agreement: April 15, 2006 1st Anniversary: April 15, 2007 2nd Anniversary: April 15, 2008 3rd Anniversary: April 15, 2009 July 15, 2009 4th Anniversary: April 15, 2010 On 5th Anniversary: Option to Purchase	\$25,000 (paid) \$30,000 (paid) \$35,000 (paid) \$10,000 \$10,000 \$45,000 \$1,095,000	
Stillwater	From 1st anniversary of date of execution: From 2nd anniversary of date of execution: From 3rd anniversary of date of execution: From sixth anniversary of date of execution:	\$500/month (\$6,000 paid) \$1,000/month (\$12,000 paid) \$1,500/month (\$36,000 paid as of December 31, 2008) \$2,000/month	
Benbow Chromite Mine	Signing Bonus: 1st through 5th anniversaries: 6th through 10th anniversaries: 11th and all subsequent anniversaries:	\$50,000 \$50,000 \$75,000 \$100,000	5% Production Royalty on production and sale of minerals from the property. The minimum payments paid on each anniversary date shall constitute advance payments against the royalty. Can purchase for \$5,000,000. If purchased after 5th anniversary but before 10th then purchase price is \$10,000,000. Alternatively can purchase 50% for \$5,000,000 and additional 5% increments for \$500,000 each.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Twelve Months ended December 31, 2008.

- (a) Included in accounts payable and accrued liabilities as at December 31, 2008 is \$59,602 (December 31, 2007-\$80,751) owing to certain directors and officers of the Company for expenses and fees incurred in the normal course of operations, such as travel expenses, consulting fees, etc. These amounts are due on demand, unsecured, non-interest bearing, with no fixed terms of repayment.
- (b) Included in amounts receivable, prepaids and other as at December 31, 2008 is \$32,420 (December 31, 2007-\$NIL) in expense advances for expenses incurred in the normal course of business to certain directors and officers (the VP Legal affairs and Corporate Secretary, the VP Investor and Corporate Development, the CFO, and the CEO.) These amounts are due on demand, unsecured, non-interest bearing, with no fixed terms of repayment.
- (c) During the period ended December 31, 2008, the Company paid or accrued \$85,758 (2007 - \$66,274), in directors' fees to four independent directors for their services as directors to the Company.
- (d) During the period ended December 31, 2008 the Company paid or accrued \$87,918 (2007 - \$68,439), in legal fees to a firm in which the Corporate Secretary of Nevoro Nevada Inc. is a partner.
- (e) Included in amounts receivable as at December 31, 2008 is \$107,532 (2007 - \$37,721) due from a corporation which has a director in common with the Company, for certain expenditures incurred by the Company on behalf of the corporation. The Company bills and collects these amounts on a periodic basis. These amounts are due on demand, unsecured, non-interest bearing, with no fixed terms of repayment.
- (f) The Company is party to management contracts whereby additional payments of up to \$732,000 may need to be made upon the occurrence of certain events. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the consolidated financial statements for the period ended December 31, 2008.

The above 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.

- (g) A director of the Company subscribed for 285,000 shares for gross proceeds of \$97,486 (CDN\$99,750) pursuant to the private placement occurring in 2008 and discussed elsewhere in this MD & A.

A related party of a director of the Company and two related companies of another director of the Company subscribed for 5,830,000 shares for gross proceeds of \$1,910,928 (CDN\$2,040,500) pursuant to the second tranche of the private placement discussed elsewhere in this MD & A.

FOURTH QUARTER

See items discussed in the Summary of Quarterly Information above. The main item affecting the fourth quarter was a write-down of mineral interests of \$28,441,866 less a related future income tax recovery of \$8,119,400 in 2008.

SUBSEQUENT EVENTS

- (a) Pursuant to an escrow agreement dated June 6, 2007, 8,010,000 common shares were held in escrow as at December 31, 2008 and were released on March 17, 2009.
- (b) Subsequent to December 31, 2008, the Company granted 350,000 options to an officer of the Company, exercisable at Cdn\$0.07 per share for a period of five years.

PROPOSED TRANSACTIONS

As at the date of this report, there were no material proposed transactions concerning which the confirmation of the decision of the board was considered probable.

RECENT ACCOUNTING PRONOUNCEMENTS

Adoption of new accounting standards

Effective January 1, 2008, the Company adopted the following standards of the Canadian Institute of Chartered Accountants ("CICA") Handbook.

- (i) Section 1535 - Capital Disclosures

Section 1535 specifies the disclosure of: (i) an entity's objectives, policies and procedures for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

- (ii) Sections 3682 and 3863 - Financial Instruments - Disclosures and Presentation

Sections 3862 and 3863 replace Handbook Section 3861, "Financial Instruments – Disclosures and Presentation", revising its disclosure requirements, and carrying forward its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Section 3862 specifies disclosures that enable users to evaluate: (i) the significance of financial instruments for the entity's financial position and performance; and (ii) the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.

Future Accounting Changes

- (i) Section 3064 - Goodwill and Intangible Assets

In November 2007, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets, which replaced the existing Handbook Section 3062, Goodwill and Other Intangible Assets and Handbook Section 3450, Research and Development Costs. This standard is effective for annual financial statements relating to fiscal years beginning on or after October 1, 2008, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its financial statements.

- (ii) Section 1582 - Business Combinations

CICA Handbook Section 1582 "Business Combinations", replaces Section 1581 - "Business Combinations" and provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3 - Business Combinations. This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for

guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. The Company will adopt this standard on January 1, 2011.

(iii) Section 1601 – Consolidations and Section 1602 – Non-Controlling Interests

CICA Handbook Sections 1601 “Consolidations” and Section 1602 “Non-Controlling Interests” replace Section 1600 “Consolidated Financial Statements”. Section 1602 provides the Canadian equivalent to International Accounting Standard 27 - “Consolidated and Separate Financial Statements”, for non-controlling interests. The Company will adopt this standard on January 1, 2011.

(iv) EIC 173 – Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified 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 guidance is applicable to fiscal periods ending on or after January 12, 2009. The Company is continually evaluating its counterparties and their credit risks.

(v) 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 GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The effective date for the Company is for interim and annual financial statements relating to the Company's 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.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred exploration expenditures, asset retirement obligations, valuation of stock-based compensation and warrants and future tax liabilities. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and stock price volatility. The timing for exercise of options is out of the Company's control and will depend on a variety of factors, including the market value of the Company's shares and financial objectives of the stock-based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Scholes option-pricing model. However, the future volatility is uncertain and the model has its limitations.

The Company's recoverability of the recorded value of its mineral properties and associated deferred exploration expenses is based on current market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, the ability of the Company and its subsidiaries to obtain necessary financing to complete the development, and future profitable production or the proceeds of disposition thereof. These are more extensively outlined under “Risk Factors”.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and accounts

payable and accrued liabilities. Risk management of cash and cash equivalents, consists of placing cash and cash equivalents only with institutions of high credit worthiness in instruments with low risk.

RISK FACTORS

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

Development Stage Company & Exploration Risks

The Company is engaged in the business of exploration and development for precious and base metals in the USA. The properties of the Company have no established reserves. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. If the Company is unable to establish resources or once established, to upgrade them to proven and probable reserves in sufficient quantities to justify commercial operations, the Company could be unable to develop mines and its financial condition and results of operations could be adversely affected. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent upon developing and commercially mining an economic deposit of minerals, which in itself is subject to numerous risk factors. Exploration and development of mineral deposits involves a high degree of financial risk over a significant period of time of which even a combination of careful evaluation, experience and knowledge of management may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration, development and production programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs, which may be affected by a number of factors. Substantial expenditures would be required to establish reserves sufficient to commercially mine mineral deposits on the Company's properties and to construct, complete and install mining and processing facilities in those properties that are actually mined and developed.

Foreign Operations

All of the Company's property interests are located in the U.S.A., and are subject to that jurisdiction's laws and regulations. The Company believes the present attitude of the U.S.A. to foreign investment and mining to be favourable but investors should assess the political risks of investing in a foreign country. Any variation from the current regulatory, economic and political climate could have an adverse effect on the affairs of the Company.

Land Title

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims on underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects.

A significant part of the Company's mineral rights consist of "unpatented" mining claims created and maintained in accordance with the U.S. General Mining Law of 1872. Unpatented mining claims are unique U.S. property interests, and are generally considered to be subject to greater title risk than other real property interests because the validity of unpatented mining claims is often uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations that supplement the U.S. General Mining Law of 1872. Also, unpatented mining claims are always subject to possible challenges by third parties or contests by the federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law. In addition, there are few

public records that definitively control the issues of validity and ownership of unpatented mining claims.

In recent years, the U.S. Congress has considered a number of proposed amendments to the General Mining Law. Although no such legislation has been adopted to date, there can be no assurance that such legislation will not be adopted in the future. If ever adopted, such legislation could, among other things, impose royalties on production from currently unpatented mining claims located on federal lands. If such legislation is ever adopted, it could have an adverse impact on earnings from the Company's operations, and it could reduce estimates of the Company's present resources and the amount of the Company's future exploration and development activity on federal lands.

Government Regulations

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its mining activities, the Company's exploitation licences must be kept current. There is no guarantee that the Company's exploitation licences will be extended or that new exploitation licences will be granted. In addition, such exploitation licences could be changed and there can be no assurances that any application to renew any existing licences will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and licences which may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

Mining Risks and Insurance

The Company is subject to the risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator of its exploration programs cannot insure or against which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse affect on the financial position of the Company.

Where considered practical to do so the Company maintains insurance against risks in the operation of its business and in amounts, which it believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability. In some cases, coverage is not available or considered too expensive relative to the perceived risk.

Acquisition and integration

From time to time the Company examines opportunities to acquire additional mining assets and business. Any acquisition that the Company may complete may be of significant size, may change the scale of the Company's business and operations, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Company. Any acquisition would be accompanied by risks. For example, there may be a significant change in commodity prices after the Company has committed to complete the transaction and established the purchase price or exchange ratio; a material resource may prove to be below expectation; the Company may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Company's ongoing business and its relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. In the event that the Company chooses to raise debt capital to finance any such acquisition, the Company's leverage will be increased. If the Company chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, the Company may choose to finance any acquisition with existing resources. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisition.

Environmental Protection

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds.

Environmental regulation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not adversely affect the Company's business, financial condition and results of operation. Environmental hazards may exist on the properties on which the Company holds interests that are unknown to the Company at present and that have been caused by previous or existing owners or operators of the property.

Government approvals and permits are currently, or may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Dependence on Key Personnel

The success of the Company is heavily dependent on its key personnel and on its ability to motivate, retain and attract highly skilled persons. The competition for qualified personnel is strong. The Company considers its management team, to be key personnel. In order to attract and retain its key personnel, the Company has sought to provide its personnel with challenging work and a variety of opportunities for advancement through growth and expansion of the Company's business, and through compensation similar to competitors in the industry and equity participation.

Capital Investment

The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing hereafter. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be favourable. Should the Company not be able to obtain such financing, its properties may be lost entirely.

Future Exploration

Future exploration can be affected, among other things, by availability of equipment and personnel, availability of financing, weather, permitting, exploration results, review of exploration priorities and targets, and acquisition of new properties. In the past, exploration and drilling have been affected at various intervals by permitting and weather.

Conflicts of Interest

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in gold and precious and base metals or other natural resource exploration and development and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare, and refrain from voting on any matters in which such directors may have a conflict of interest.

Competition

The mining industry is intensely competitive in all of its phases and the Company competes with many companies possessing greater financial and technical resources than itself. Competition in the precious metals mining industry is primarily for mineral rich properties that can be developed and produced economically. The technical expertise to find and develop, the labour to operate the properties; and the capital for the purpose of funding such properties, is difficult to procure. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a global basis. Such competition may result in the Company being unable to

acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could adversely affect the Company's prospects for mineral exploration and success in the future.

Market Fluctuation and Commercial Quantities

The market for minerals is influenced by many factors beyond the control of the Company such as changing production costs, the supply and demand for minerals, the rate of inflation, the number of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company's control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors, which may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

Foreign currency translation

The consolidated financial statements of the Company are presented in U.S. dollars, the functional currency. The operations its subsidiaries, Nevoro Nevada Inc. (formerly Goodsprings Development Company), and Aurora are in U.S. dollars. The operations of the parent, Nevoro Inc. are translated into U.S. dollars as follows: monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date; non monetary items and any related amortization of such items are translated at the rate of exchange in effect when the assets were acquired or obligations incurred; and all income and expense items are translated at average exchange rates prevailing during the year. Exchange gains and losses are included in net loss for the year. Management closed monitors foreign exchange derived from currency conversions but doe snot hedge its foreign currency.

Change in functional and reporting currency

Effective April 1, 2007, the functional currency of the Company changed from Canadian dollars to U.S. dollars. In general, this change resulted from the increase in the overall proportion of business activities conducted in U.S. dollars, as a result of the acquisition of Goodsprings, as well as the private placements that were denominated in U.S. dollars. Concurrent with this change in the functional currency, the Company adopted the U.S. dollar as its reporting currency.

The change was effected for prior periods as follows: assets and liabilities were translated at the spot rate on that date; income and expense items for those periods were translated at the average rate for each period; and equity transactions were translated at historic rates. The resulting net translation adjustment has been posted to the cumulative other comprehensive income account.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures, including adherence to the Disclosure Policy adopted by the Company. The Disclosure Policy requires all staff to keep the Disclosure Committee fully apprised of all material information affecting the Company so that they may evaluate and discuss this information and determine the appropriateness and timing for public release. Access to such material information by the Disclosure Committee is facilitated by the small size of the Company's senior management team and regular communication between them.

The Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures as of December 31, 2008, have concluded that the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its subsidiaries would have been known to them.

The Company's Chief Executive Officer and Chief Financial Officer are also responsible for the design of internal controls over financial reporting. The fundamental issue is ensuring all transactions are properly authorized and identified and entered into a well designed, robust and clearly understood system on a timely basis to minimize risk of inaccuracy, failure to fairly reflect transactions, failure to fairly record transactions necessary to present financial statements in accordance with generally accepted account principles, unauthorized receipts and expenditures, or the inability to provide assurance that unauthorized acquisitions or dispositions of assets can be detected. The relatively small size of the Company makes the identification and authorization process relatively efficient and a process for reviewing internal controls over financial reporting has been developed. To the extent possible given the Company's small size, the internal control procedures provide for separation of duties for receiving, approving, coding and handling of invoices, entering transactions into the accounts, writing cheques and wire requests and also require two signers on all payments. As of December 31, 2008, the Company's Chief Executive Officer and Chief Financial Officer conclude that the Company's system of internal controls is adequate and comparable to those of issuers of a similar size and nature. There have been no changes during the most recent period, being the quarter ended December 31, 2008, in the Company's internal controls over financial reporting that have affected or would reasonably be expected to affect its financial reporting.

The scope of the Company's disclosure controls and procedures, and its internal controls over financial reporting, do not include a review of the internal controls, procedures and practices of either Aurora Platinum Exploration Inc. or Sheffield Resources Ltd. prior to the acquisition of each subsidiary company in June 10, 2008 and July 2008, respectively.

FORWARD-LOOKING STATEMENTS AND FUTURE ORIENTED FINANCIAL INFORMATION

Included in this MD & A, and the documents incorporated herein by reference, are forward-looking statements, including future oriented financial information, with respect to Nevoro Inc. and its subsidiaries ("Nevoro" or the "Company"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "does not expect", "is expected", "budget", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or equivalents or variations, including negative variations, of such words and phrases, or state that certain actions, events or results, "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements include, without limitation, those with respect to the future price of metals, changes to mineral reserves and resources, the realization of mineral reserves estimates, the timing and amount of estimated future success of exploration activities, changes to the Corporation's hedging practices, currency fluctuations, requirements for additional capital, changes to government regulation of mining operations, outcomes of title disputes or claims and the timing and possible outcome of pending litigation. Forward-looking statements rely on certain underlying assumptions that if not realized, can result in such forward-looking statements not being achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Corporation to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, the inherent risks involved in the exploration and development of mineral properties, uncertainties involved in interpreting drilling results and other geological data, fluctuating mineral prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors described in the section entitled "Risk Factors". Although the Corporation has attempted to identify important factors that could cause actual events or results to differ from those estimated or intended, there can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Other than as required by applicable Canadian securities laws, the Corporation does not update or revise any such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements.