

ROXGOLD INC.

Management's Discussion and Analysis of Financial Position and Results of Operations

The following information, prepared as of February 25, 2009, should be read in conjunction with the audited financial statements of Roxgold Inc. (the "Company") for the year ended October 31, 2008, which have been prepared in accordance with Canadian generally accepted accounting principles. All amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A and in particular the "Outlook" section, contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning the interpretation of drill results may also be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of February 25, 2009.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

GENERAL

The Company is a junior natural resource company engaged in the acquisition, exploration and development of natural resource properties. The Company is yet to receive any revenue from its mineral exploration operations. Accordingly the Company has no operating income or cash flows. Its continued existence has relied almost exclusively upon equity financing activities, which is not expected to significantly change in the immediate future.

Name Change and Share Consolidation

On January 15, 2007, the Company received regulatory approval to change its name to Roxgold Inc. and to consolidate its shares on the basis of one new Roxgold Inc. share for every two old shares. On January 16, 2007, shares of the Company commenced trading on TSX Venture Exchange under the symbol ROG.

Private Company Acquisition

On February 21, 2007, the Company completed the acquisition of a private company ("Private Co.") ("the Acquisition") that held the rights or title to the Gosico and the Tommy Jack mineral properties (collectively "the TJ Ridge Project"). In order to acquire the TJ Ridge Project, the Company issued 4,500,000 post-consolidation shares to the former shareholders of Private Co. In addition, the Company agreed to pay a 2% net smelter royalty to the underlying vendors of both the Gosico and Tommy Jack properties.

Alan Raven, the majority owner of Private Co, was appointed President and CEO of Roxgold immediately following the Company's Special Meeting of Shareholders held December 13, 2006, wherein the Company's shareholders approved the Acquisition. Upon completion of the terms of the agreement, Mr. Raven received 2,365,200 of the 4,500,000 post-consolidation shares issued.

Pursuant to the terms of the Acquisition, two further conditional share issuances may occur:

1. A second tranche of up to 1,000,000 shares are to be issued within a period of three years, such period ending January 17, 2010, upon the Company establishing, pursuant to a National Instrument 43-101 Report ("NI 43-101 Report") in respect to the TJ Ridge Project that the property contains a resource estimate of 1,000,000 ounces of gold equivalent. 500,000 shares will be issued on establishing a resource of 500,000 ounces of gold equivalent and an additional 100,000 shares for each additional 100,000 ounces established up to 1,000,000 ounces.
2. A third tranche of 1,500,000 shares will be issued within a period of five years such period ending January 23, 2012 upon the Company obtaining an NI 43-101 Report confirming a deposit in respect to the properties containing a minimum of 2,000,000 ounces of gold equivalent.

All shares issued will be subject to an Exchange Surplus Security Escrow agreement.

For the purposes of the resource calculations associated with the second and third tranche share issuances, a “measured” ounce equates to 1.0 ounce; an “indicated” ounce equates to 0.75 ounces, and an “inferred” ounce equaling 0.5 ounces, as those terms are defined in the "Standards On Mineral Resources and Reserves, Definitions and Guidelines" published by the Canadian Institute of Mining, Metallurgy and Petroleum.

In addition, to acquire a 100% interest in the Tommy Jack property pursuant to the underlying option agreement, as amended October 15, 2008, the Company must make payments totaling \$130,000 and complete shares issuances totaling 400,000 shares over four years with an additional 200,000 shares to be issued upon commercial production.

Amalgamation

On February 29, 2008, the Company and Private Co. were amalgamated and have continued operation as Roxgold Inc.

TJ Ridge Project

Roxgold Inc.'s primary asset is the 6121 hectare TJ Ridge Project located 95 kilometers north of Hazelton, B.C. which is comprised of the Gosico Property (Roxgold 100% subject to a 2% NSR), certain contiguous claims (Roxgold 100%), as well as the adjoining Tommy Jack Property (Roxgold has an option to acquire a 100% interest subject to a 2% NSR) (collectively “the Property”).

Geology

The primary areas of geological interest on the TJ Ridge Property are located within a mature forest generally limiting outcrop exposure to creek beds with total bedrock exposure of less than 1%. During 2007 and 2008 select portions of the primary areas of geological interest were explored using mechanized trenching and drilling which has led to a better geological understanding of the areas tested.

The Property is primarily underlain by sediments of the Bowser Lake Group (fine to medium grained arkosic sandstone and intercalated siltstone, shale, argillite and minor conglomerate). On the western side of the Property these sediments have been intruded by near vertical quartz-feldspar porphyry dacite to rhyolite dykes. On the Eastern side of the Property, an older monzonite intrusive penetrated the sediments while younger quartz feldspar porphyry (“QFP”) dykes penetrate both the sediments and the monzonite. The altered and variably mineralized monzonite sills were intersected in the majority of the 27 drill holes completed on the East Side which has been subjected to retrograde alteration causing it to be kaolinized and strongly sericite altered. The cause of the alteration of the monzonite is hypothesized to be related to a series of the younger QFP dykes. The mineralization is believed to be associated with these younger QFP dykes with the monzonite forming an impermeable cap causing the mineralized solutions to pool

below it.

Previous Exploration

Early exploration on the property prior to 2007 was limited to soil sampling, prospecting and hand trenching. Prospecting in creek cuts and follow-up of soil anomalies located high grade mineralization in float samples including 18 of 35 samples analyzed returning assay values in excess of 10 g/t gold, with a high of 74.3 g/t gold with 15 of 35 samples assaying in excess of 100 g/t silver, with a high of 2086 g/t silver.

Soil geochemistry has proven an effective exploration tool with gold, silver and pathfinder anomalies following apparent geological structures for up to 4.5 kilometres. Portions of some of the stronger anomalies were explored in 2007 and 2008 through trenching and drilling with both wide zones of low grade mineralization and narrow zones of high grade mineralization located. In general, gold mineralization appears primarily associated elevated arsenic, lead and bismuth soil sample values and has a somewhat weaker associations with iron, zinc and antimony values. Poor soil development, “pockets” of relatively thick glacial till and small areas of outwash material till have limited the effectiveness of the soil samples at the southern end of the surveyed area.

An airborne geophysical survey completed late in the 2007 season identified multiple EM conductors. A strong correlation exists between the soil geochemistry and both structures evident in air photo imagery and airborne EM conductors. Follow up trenching of some of these EM conductors indicates most are related to lithology or graphite zones that are often associated with mineralization. Several higher priority outlying targets remain untested. While there are some significant soil geochemistry anomalies and associated geophysical anomalies on the western side of the property, the anomalies on the eastern area, particularly those associated within QFP and monzonite remain the primary area of interest.

2008 Exploration

The Company has completed the field component of the 2008 \$2 million exploration program. This program was comprised of approximately 18,000 feet of diamond drilling, several hundred meters of trenching and the construction of an access trail connecting the property to the Dumsumlo Forest Service Road. Trenching in the area of what is now called the Discovery Trench area located high grade gold-silver mineralization over intervals up to 0.3 metres. This mineralization demonstrates textures interpreted to be related to multiple pulses of mineralized solutions and is believed to represent a leakage zone from a larger pool located elsewhere. Limited drilling in the immediate vicinity of the Discovery Trench did intersect anomalous gold-silver values, but not with the same textures or grades as seen in the Discovery Trench. In general most holes that intersected the target stratigraphy intersected either wide zones of low grade mineralization or narrow zones of high grade mineralization.

During the year ended October 31, 2008, the Company wrote-off \$2,715,546 (2007: \$nil) of mineral property cost and deferred exploration expenditures relating to the TJ Ridge Property.

Other

In August 2008, a member (“the Applicant”) of the Gwininitxw House of the Gitxsan First Nation filed an injunction application with the Supreme Court of British Columbia naming both the Company and the Province of British Columbia as defendants. The Applicant claimed aboriginal title on behalf of the Gwininitxw House and also claimed the Province and the Company did not adequately consult with the Gwininitxw House with respect to an access trail and exploration program on the Company’s TJ Ridge project. The Applicant sought an injunction restraining Roxgold from constructing the access trail.

The Company is vigorously defending the action through its legal counsel and is confident of its position.

On August 24, 2008, construction of the access trail passed from territory claimed by the Gwininitxw onto territory claimed by the Xsi Duutswit house of the Gitxsan First Nation. As the construction activity no longer is on territory claimed by the Gwininitxw, the Company’s position is that the basis for the injunction is now moot and should be withdrawn. On February 2, 2009 the Province of British Columbia filed action to strike the proceedings and on February 4, 2009 counsel for Roxgold advised that it would be moving to support the government’s action to strike the proceedings.

Copper Frog Project

In May 2008 the Company announced it had agreed to terms to acquire a 100% interest in three mineral claims covering 1,875 hectares located 170 kilometres east-south-east of Dease Lake in the Liard mining district of northern British Columbia (“the Copper Frog property”). In order to earn a 100% interest in the property, subject to a 3% net smelter royalty (“NSR”), the Company had to make cash payments totalling \$170,000 over five years, including \$10,000 in the first year (paid); make share issuances of up to 550,000 shares, including 50,000 shares in the first year (issued); and incur exploration expenditures of approximately \$60,000 per year. In certain circumstances the vendor was entitled to a bonus payment of 500,000 shares.

The Company completed a small work program (approximately \$60,000) on the project during the 2008 field season in an effort to better understand the nature of the copper mineralization and determine whether the property had the potential to host a large tonnage copper porphyry deposit. Subsequent to October 31, 2008, the Company determined that the mineralization hosted on the Copper Frog property did not conform with the geological model that the Company was searching for and as such the Company terminated the agreement and wrote-off the exploration costs associated with the property.

SELECTED ANNUAL INFORMATION

The Company's fiscal period ends on October 31 of each year. The following is a summary of certain selected audited financial information for the last three completed fiscal years:

	2008 (\$)	2007 (\$)	2006 (\$)
Total Revenues	-	-	-
Net Loss	(2,206,510)	(364,685)	(169,422)
Net loss Per Share (basic and diluted) ⁽¹⁾	(0.08)	(0.02)	(0.01)
Total Assets	2,866,842	3,843,004	429,512
Deferred Resource Property Expenditures – For The Year	2,465,991	3,031,948	9,640
Deferred Resource Property Expenditures – Cumulative	2,701,693	3,025,486	140,407
Long Term Debt	-	-	-
Dividends Declared	-	-	-

(1) The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

The net loss for the years ended October 31, 2008 and 2007 include a charge for stock-based compensation of \$101,343 and \$389,259 respectively. In addition, the net loss for each of fiscal years 2008, 2007 and 2006 include a credit to operations for recovery of future income tax assets in the amounts of \$1,217,000, \$305,000 and \$7,715 respectively.

During the year ended October 31, 2007, the Company recorded a gain on sale of mineral property in the amount of \$40,930 with respect to the net proceeds of payments pursuant to the Journey Option that exceeded the carrying value of the Musgrove Creek Gold Prospect while the net loss for the year ended October 31, 2006 includes a credit recorded with respect to the gain on settlement of certain trade debt in the aggregate amount of \$34,267.

The net loss reported for each of the three years includes a write-off or write-down of resource properties in the respective amounts of \$2,789,784, \$36,299 and \$66,826.

RESULTS OF OPERATIONS

The Company recorded a net loss of \$2,206,510 (\$0.08 per share) for the year ended October 31, 2008 as compared to a net loss of \$364,685 (\$0.02 per share) for fiscal 2007. The table below details certain non-cash or unusual transactions that for the purposes of this discussion have been adjusted out of the reported net loss to produce an adjusted net loss that forms a better basis for comparing the year over year operating results of the Company.

	2008	2007
Net loss for the year as reported	\$ (2,206,510)	\$ (364,685)
Amortization	20,066	2,031
Stock-based compensation	101,343	389,259
(Gain) loss on sale of marketable securities	9,037	(1,759)

Loss on disposal of equipment	-	355
Write-down or write-off of mineral property	2,789,784	36,299
Recovery of future income tax asset	(1,217,000)	(305,000)
Gain on sale of mineral property	-	(40,930)
Interest and other income	(53,480)	(29,441)
Adjusted net loss for the year	\$ (556,760)	\$ (313,871)

Comments regarding these items are as follows:

- the increase in amortization resulted because of an increase during fiscal 2008 of the amount of equipment owned by the Company;
- the stock-based compensation charge was greater in fiscal 2007 largely because more stock options were granted in that period (2008: 850,000 vs. 2007: 1,580,000) and in addition the ascribed cost of the options being granted (as computed by an option pricing model) was nearly twice that of the options granted during fiscal 2008 (2008: \$0.12 vs. 2007: \$0.21);
- the loss (gain) on sale of marketable securities respectively in fiscal 2008 and 2007 relates to the sale of the remaining common shares the Company held in Journey Resources Corp. which it had received pursuant to a mineral property option agreement;
- during fiscal 2008, the portion of the write-down of mineral properties (\$2,715,546) that relates to the TJ Ridge Project costs is based on management's estimate as to the fair value of the property based on an assessment of the value of exploration work completed to date and on the current market capitalization of the Company. Subsequent to October 31, 2008, the Company terminated the Copper Frog option agreement and accordingly wrote-off to the statement of operations all deferred exploration costs (\$74,238). The write-down of mineral properties in fiscal 2007 relates primarily to the Antoine claims that the Company sold during the third quarter of fiscal 2007 for \$1,000;
- the recovery of future income taxes arose as a result of the Company's accounting treatment of certain flow-through shares issued in prior periods and the corresponding renunciations of qualifying exploration expenditures to the subscribers of these shares. The renunciations occurred respectively during February 2008 and 2007;
- pursuant to its accounting policy for recording option payments received, the Company recorded \$40,630 from the receipt of option payments in fiscal 2007 that exceeded the carrying value of the mineral property. No such income was recorded in fiscal 2008; and
- the increase in interest and other income occurred because the Company had more surplus cash on hand on average during fiscal 2008 as compared to fiscal 2007.

The increase to the adjusted net loss recorded in fiscal 2008 as compared to fiscal 2007 is the net result of a number of different increases and decreases to various expenses. Of note are the following items:

- accounting and audit fees (\$90,808 vs \$60,582) increased largely due to increased audit expense related to the fiscal 2007 audit that was not recorded until the current fiscal period as well as an increased provision in the current period with respect to the current year's audit;
- investor relations expense (\$96,010 vs. \$36,218) increased due to contractual agreements the Company had made with respect to such services. On March 28, 2007 the Company entered into an investor relations agreement with Marketsmart Communications Inc. ("Marketsmart"). Services to be provided included investor and shareholders communication services as well as assisting the Company in the development and distribution of marketing collateral. The agreement had a term of one year, and was cancelled by the Company effective March 31, 2008. Pursuant to the agreement Marketsmart was paid \$5,000 per month and was granted 130,000 options having a strike price of \$0.32. None of the options were exercised and all were forfeited on April 30, 2008.

On February 28, 2008, the Company entered into an agreement with BMK Partners Inc. ("BMK") for the provision of investor relations, corporate communications and marketing services to the Company. The agreement had an initial one-year term pursuant to which the Company paid a monthly fee of \$7,500. The Company also granted to BMK 150,000 stock options with an exercise price of \$0.25 per share and a two-year life. The Company terminated the agreement effective October 15, 2008;

- legal fees (\$70,244 vs. \$25,419) increased as a direct result of legal services provided to the Company with respect to defending itself against an injunction application with the Supreme Court of British Columbia brought in August 2008 seeking to restrain the Company from constructing an access trail, all as described earlier;
- management fees, salaries and benefits (\$94,903 vs. \$76,700) increased in fiscal 2008 as they include for the full fiscal year the salary/fees paid to the President and a director who assists in administrative, financing and technical matters whereas in fiscal 2007 such arrangement did not commence until January 1, 2007. Further, the salary/fees paid to these two individuals was increased in the aggregate from \$8,500 to \$10,500 per month effective January 1, 2008;
- rent expense (\$28,423 vs \$11,404) increased because during fiscal 2007 the Company only rented office space commencing January 1, 2007, whereas in fiscal 2008 the Company rented office space for the entire year and moved to larger premises effective May 1, 2008 with a commensurate increase in monthly rental expense; and

- during fiscal 2008 \$72,758 was recorded for Part XII.6 income tax interest expense. This interest charge occurred because the Company did not expend all of the flow-through funds it raised in calendar years 2006 and 2007 by the end of February 2007 and February 2008 respectively. Pursuant to the Income Tax Act an interest fee was applied to the unexpended balance of these funds at the end of each month from March 2007 onward in the case of flow-through funds raised in 2006, and from March 2008 onward in the case of flow-through funds raised in 2007, until such time as the funds had been fully expended, which was in August of 2007 and October 2008 respectively.

With regard to project expenditures incurred during the fiscal 2008 (\$2,465,991), these are all detailed on Schedule 1 to the accompanying audited financial statements for the year ended October 31, 2008. The costs reported are a combination of final expenditures from the 2007 field program and current expenditures related to the 2008 field program, which ramped up in June 2008. The field crew was demobilized from the exploration site in the third week of September. Ongoing work includes compiling and modeling all of the technical data gathered in the current field season.

QUARTERLY INFORMATION

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended October 31, 2008.

	Three Months Ended (\$)				Three Months Ended (\$)			
	Oct. 31, 2008	July 31, 2008	April 30, 2008	Jan. 31, 2008	Oct. 31, 2007	July 31, 2007	April 30, 2007	Jan.31, 2007
Total Revenues	-	-	-	-	-	-	-	-
Net Loss	(2,217,886)	217,435	(102,829)	(103,230)	(38,387)	(29,778)	(247,642)	(48,878)
Net Loss Per Share (basic and diluted)	(0.08)	0.01	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)
Total Assets	2,866,842	5,705,490	5,451,834	5,606,218	3,843,004	3,357,865	1,243,129	1,200,676

All the quarters reported on, except the quarter ended January 31, 2007, include a stock-based compensation charge. The amounts of such charge for the quarter ended October 31, 2008 to the quarter ended April 30, 2007 are respectively: (\$3,172), \$96,450, \$4,946, \$3,119, \$6,084, \$11,606 and \$371,569. The credit balance of \$3,172 recorded in the quarter ended October 31, 2008 arose from the revaluation of certain stock options granted during fiscal 2008 that vest over a 12-month period. During the fourth quarter of fiscal 2008 the value of these options decreased as at their vesting date and/or at year end and as such the initial stock-based compensation expense recorded was reversed in the fourth quarter accounts.

During the quarters ended October 31, and April 30, 2008, and October 31, July 31, and April 30, 2007, the Company recorded a write-down/write-off of mineral properties in the respective amounts of \$2,774,238, \$15,546, \$2,601, \$3,861 and \$29,837.

Further, in the quarters ended October 31, July 31, and April 30, 2008, and October 31 and April 30, 2007 the Company recognized a future income tax recovery of \$731,000, \$424,000, \$62,000, \$57,500 and \$247,500 respectively.

In the quarter ended July 31, 2007, the Company recorded other income in the amount of \$44,791 with respect to the net proceeds of payments pursuant to the Journey Option that exceeded the carrying value of the Musgrove Creek Gold Prospect.

Quarter-over-quarter changes in total assets reflect increases arising from the completion of financings in the respective period plus the issuance of securities to acquire mineral properties offset by operating losses including the write down or write-off of resource properties.

FOURTH QUARTER

The adjusted fourth quarter losses for fiscal 2008 and 2007 after excluding stock-based compensation expense, interest and other income, (loss) gain on sale of marketable securities, write-down/write-off of mineral properties, Part XII.6 income tax interest expense, and recovery/charge for future income taxes amount to approximately \$131,000 and \$93,000 respectively. The increase in the fourth quarter expenses of fiscal 2008 over fiscal 2007 is primarily the result of increased legal expenses (\$61,442 vs. \$3,500) and increased investor relations fees (\$29,556 vs. \$16,092), offset by decreased management fees, salaries and benefits expense ((\$3,088) vs. \$32,200). Legal fees and investor relations expense increased for the results described earlier regarding the year over year change in operating expenses. Management fees, salaries and benefits expense is negative in the fourth quarter of fiscal 2008 as an adjustment was made to the accounts to retroactively charge certain of these expenses to the respective project they were incurred against. In actual fact, the amount of management fees, salaries and benefits expense was slightly greater in the fourth quarter of fiscal 2008 than 2007 for the reasons described earlier regarding the year over year change in operating expenses

Exploration activities were substantially greater in the fourth quarters of both fiscal 2008 and 2007 (2008: \$1,105,837 vs 2007: \$1,414,576) as compared to other quarters in the respective fiscal years due to the limited summer exploration season that exists with regard to the TJ Ridge Project. By the end of the fourth quarter of fiscal 2008 the Company had completed 4,741 metres of drilling.

FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

On December 5, 2007 the Company completed a private placement of 4,000,000 units at \$0.43 per unit for gross proceeds of \$1,720,000. Each unit was comprised of one flow-through common share and one-half of one non-flow-through common share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional non-flow-through common share at \$0.75 per share for a period of two years from the closing date. The agent for the placement received a commission consisting of \$108,790 cash and 67,000 non-flow-through units of the Company carrying identical terms and conditions as those issued in the private

placement except that the units were comprised of non-flow-through shares (ascribed value \$28,810). In addition, the Company issued warrants to the agent entitling it to purchase 320,000 common shares of the Company at \$0.55 per share for a period of two years from the closing.

On December 7, 2007 the Company completed a private placement of 1,000,000 flow-through units at \$0.43 per flow-through unit for gross proceeds of \$430,000. Each flow-through unit was comprised of one flow-through common share and one-half of one non-flow-through common share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional non-flow-through common share at \$0.75 per share for a period of two years from the closing date. A finder's fee of \$25,456 cash was paid in connection with the offering.

On October 28, 2008 the Company completed a private placement of 1,800,000 flow-through units at \$0.08 per flow-through unit for gross proceeds of \$144,000. Each flow-through unit is comprised of one flow-through common share and one non-flow-through common share purchase warrant. Each warrant entitles the holder thereof to purchase an additional non-flow-through common share at \$0.10 per share until October 28, 2010.

Other financing was realized from the sale of certain marketable securities (\$54,588) and from the exercise of 10,000 stock options at \$0.20 per share.

In February 2009 the Company announced its intention to complete a private placement of up to 5,000,000 units at a price of \$0.04 per unit for gross proceeds of \$200,000. Each unit will be comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase an additional share of the Company at \$0.05 per share in the first year and at \$0.10 per share until expiry two years from closing.

By comparison, in November 2006 the Company closed a non-brokered private placement financing of 1,200,000 units at a price of \$0.08 per unit for gross proceeds of \$96,000. Each unit consisted of one pre-consolidation common share and one-half of one non-transferable post-consolidation share purchase warrant. Each whole warrant entitles the holder to purchase an additional post-consolidation common share of the Company at a price of \$0.28 per share for a period of two years from the closing.

As noted earlier, on January 15, 2007, the Company received regulatory approval to change its name to Roxgold Inc. and to consolidate its shares on the basis of one new Roxgold Inc. share for every two old shares.

Concurrent with the share consolidation, the Company closed a \$693,000 private placement consisting of 3,150,000 units at a price of \$0.22 per unit. Each unit was comprised of one flow-through post-consolidation share and one non-flow-through share purchase warrant. Each warrant entitles the holder to acquire an additional post-consolidation common share for a two-year period expiring January 16, 2009. In connection with the financing the Company paid a finder's fee of 169,800 non-flow-through units (valued at \$42,800) and issued brokers warrants entitling the finder to acquire a further 169,800 units under the same terms and conditions as

applied to the offering.

In May 2007 the Company completed a non-brokered private placement of 2,000,000 units at a price of \$0.32 per unit for proceeds of \$640,000. Each unit was comprised of one share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire an additional common share at a price of \$0.35 per share until May 22, 2008 and at a price of \$0.40 per share thereafter until expiry on May 22, 2009. The Company paid a finder's fee in connection with the financing comprised of 200,000 units identical to those issued pursuant to the financing (valued at \$64,000) and issued an agent's warrant entitling the finder to purchase an additional 200,000 units at a price of \$0.32 per share for a period of two years, each unit being identical to those issued pursuant to the financing.

Also during the year ended October 31, 2007, 1,621,645 outstanding warrants were exercised generating gross proceeds of \$357,702.

The capital expenditures of the Company during fiscal 2008 and 2007 consisted almost entirely of exploration expenditures on the TJ Ridge Project. All such expenditures are summarized in a schedule included with the audited financial statements for the years ended October 31, 2008 and 2007.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed approximately \$503,000 of cash (before working capital items) for the year ended October 31, 2008 (2007 - \$244,000) with an additional approximate \$2,401,000 (2007 - \$994,000) utilized on capital expenditures including mineral property acquisitions and deferred exploration expenditures, net of option payments received. The cash requirement was fulfilled in fiscal 2008 primarily from the private placement financings completed during the year as described elsewhere.

The Company's aggregate operating, investing and financing activities during fiscal 2008 resulted in a net decrease in its cash balance (including cash equivalents) from \$646,062 at October 31, 2007 to \$60,684 at October 31, 2008. The Company's working capital decreased by \$858,967 correspondingly during the same period, and stood at negative \$303,864 at October 31, 2008. In addition, the Company has accumulated losses since inception of \$8,212,855. These fiscal results indicate that the Company is in need of additional capital in order to continue operations. To this end, as described earlier, in February 2009 the Company announced the terms of a proposed private placement to raise gross proceeds of \$200,000.

Aside from property acquisition payments and exploration commitments described under the Resource Properties note to the financial statements, the Company does not have any commitment for material capital expenditures over the near term or long term and none are presently contemplated in excess of normal operating requirements.

The Company has not as yet put into commercial production any of its mineral properties and as such has no operating revenues or cash flows. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital, and the Company's capital resources are largely determined by the strength of the junior resource capital markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to it.

TRANSACTIONS WITH RELATED PARTIES

The Company incurred the following expenditures charged by directors and officers of the Company, and companies with common directors:

	<u>2008</u>	<u>2007</u>
Accounting fees	\$ 42,950	\$ 42,300
Management fees	34,000	35,250
Mineral property costs – consulting	6,000	12,600
– equipment rental	114,300	38,100
– field expenses	<u>172,214</u>	<u>102,678</u>
	<u>\$ 369,464</u>	<u>\$ 230,928</u>

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

Included in accounts payable and accrued liabilities as at October 31, 2008 is \$132,673 (2007: \$74,317) due to a director of the Company, a company controlled by a director of the Company and a former director of the Company.

CRITICAL ACCOUNTING ESTIMATES

The Company's financial statements are impacted by the accounting policies used, and the estimates and assumptions made, by management during their preparation. The Company's accounting policies are described in Note 2 to the audited financial statements. The accounting estimates considered to be significant to the Company include the carrying values of mineral properties and deferred exploration; the computation of stock-based compensation expense; the computation of the fair value of warrants included in security offerings made by the Company or paid as finder's fees/commissions with respect to security offerings; and the computation of future income tax assets and liabilities.

Management reviews the carrying values of its mineral properties and deferred exploration on at least an annual basis to determine whether an impairment of carrying value should be recognized. In addition, capitalized costs related to abandoned properties are written-off in the period of abandonment. During fiscal 2008 and 2007 the Company wrote-off or wrote-down the costs attributable to certain of its mineral properties, recognizing a non-cash charge to its statement of operations in the amounts of \$2,789,784 and \$36,299 respectively. Capitalized costs in respect of the Company's mineral claims amounted to \$2,701,693 as at October 31, 2008. These costs may not be recoverable and there is a risk that these costs may be written down in future quarters.

The Company uses the fair-value method of accounting for stock-based compensation related to incentive stock options granted, modified or settled. Under this method, compensation cost attributable to all incentive stock options granted to employees is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. With respect to stock options granted to consultants and other non-employees that have vesting terms, the compensation cost is revalued at each respective vesting date or period end, as the case may be. In determining the fair value, the Company makes estimates of the expected volatility of the stock as well as an estimated discount rate. Changes to these estimates could result in the fair value of the stock-based compensation being less than or greater than the amount recorded. During fiscal 2008 the Company recorded a stock-based compensation expense of \$101,343 (2007 - \$389,259).

The Company uses the fair value method of accounting for warrants included in security offerings. Under this method, the warrants are measured at fair value at the date of issue and recorded to contributed surplus. The residual value of the securities offered is computed by deducting the value attributed to the warrants. In addition, the Company computes the fair value at the date of issue of agent's warrants issued in connection with security offerings and charges the cost of such to offering expenses with an offsetting credit to contributed surplus. In determining the fair value of all warrants, the Company makes estimates of the expected volatility of the stock as well as an estimated discount rate. Changes to these estimates could result in the fair value of the warrants being less than or greater than the amount recorded. During fiscal 2008 an aggregate fair value of \$361,600 was ascribed to warrants contained in unit security offerings. No value was ascribed to warrants contained in similar offerings in fiscal 2007. In addition, during fiscal 2008 a fair value of \$57,000 (2007 -\$85,100) was ascribed to certain agent's warrants issued by the Company in connection with security offerings it made.

Management computes the recovery of future income tax assets based on the amount of qualifying flow-through expenditures that have been renounced to investors during the fiscal year and after taking into account the estimated corporate income tax rate during such fiscal period and the availability of unrecorded income tax assets. During fiscal 2008 an amount of \$1,217,000 was recorded to the Company's accounts while \$305,000 was recorded in fiscal 2007.

Similarly, management computed the future income tax liability associated with the Acquisition after taking into account the estimated corporate income tax rate during fiscal 2007 and the estimated tax value of the assets acquired from Private Co. as compared to the book value paid for such assets.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Effective November 1, 2007, the Company has adopted the following accounting standards recently issued by the CICA:

Capital Disclosures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, as well as cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. As at October 31, 2008, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

The Company is not subject to any capital requirements imposed by a regulator.

Financial Instruments – Disclosure and Presentation

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value.

Foreign Exchange Risk

As at October 31, 2008, all of the Company's cash and cash equivalents were held in Canadian dollars, the Company's functional currency. The Company has no operations in foreign jurisdictions outside of Canada at this time and as such has no currency risk associated with its operations.

Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with a large Canadian bank.

Interest Rate Risk

Included in the loss for the year in the accompanying audited financial statements is interest income on Canadian dollar cash and cash equivalents. If interest rates throughout the year had been 10 basis points (0.1%) lower (higher) then net loss would have been approximately \$1,150 higher (\$1,150 lower).

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are current.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of gold and silver.

Future accounting changes

Inventory

In June 2007, the CICA issued Section 3031, "Inventories", which replaces Section 3030, "Inventories" and harmonizes the Canadian standards related to inventories with International Financial Reporting Standards.

Effective for interim and annual financial statements beginning on or after January 1, 2008, this section provides more extensive guidance on the determination of cost, narrows the permitted cost formulas, requires impairment testing, and expands the disclosure requirements to increase transparency. The Company does not anticipate that the adoption of this standard will significantly impact its financial results.

IFRS

In January 2006, the CICA Accounting Standards Board ("ACSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

Other

Effective February 29, 2008, Private Co. and the Company were amalgamated as one company, Roxgold Inc., with the effect that all of the assets and liabilities of Private Co. are now part of the Company's assets and liabilities. This transaction had no effect on the reported results of the Company.

OUTSTANDING SHARE DATA

- a) Authorized:
Unlimited common shares without par value.
- b) Issued and outstanding:
28,803,584 common shares as at February 25, 2009 for a net consideration of \$9,437,053.
- c) Outstanding warrants and options as at February 25, 2009:

Type of Security	Number	Exercise Price	Expiry Date
Share purchase warrants	200,000	\$0.32	May 22, 2009
Share purchase warrants	2,400,000	\$0.35	May 22, 2009
Share purchase warrants	2,033,500	\$0.75	December 05, 2009
Share purchase warrants	320,000	\$0.55	December 05, 2009
Share purchase warrants	500,000	\$0.75	December 07, 2009
Share purchase warrants	1,800,000	\$0.10	October 23, 2010
Stock options	10,000	\$0.30	March 17, 2010
Stock options	1,300,000	\$0.30	March 21, 2012
Stock options	150,000	\$0.30	March 25, 2012
Stock options	550,000	\$0.30	July 7, 2013
Stock options	<u>100,000</u>	\$0.25	July 7, 2013

DISCLOSURE CONTROLS AND PROCEDURES

In connection with Exemption Orders issued in November 2007 by each of the British Columbia Securities Commission and Ontario Securities Commission, the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the audited financial statements for the year ended October 31, 2008, and this accompanying MD&A.

In contrast to the certificate under Multilateral Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("MI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in MI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

Certain risks are faced by the Company which could affect its financial position. In general they relate to the availability of equity capital to finance the acquisition, exploration and development of existing and future exploration and development projects. The availability of equity capital to junior resource companies is affected by commodity prices, global economic conditions and economic conditions and government policies in the countries of operation, among other things. These conditions are beyond the control of the management of the Company and have a direct effect on the Company's ability to raise capital.

The Company's working capital and liquidity fluctuate in proportion to its ongoing equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under the its resource property acquisition agreements. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interests in the properties covered by the agreements. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments.

All of the Company's resource properties are in the exploration stage and without known reserves. Exploration and development of natural resources involve substantial expenditures and a high degree of risk. Few properties which are explored are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes off its mineral properties from time to time, and operates at a loss. Continued operations are dependent upon ongoing equity financing activities.

OUTLOOK

The Company's primary focus for the foreseeable future will be on advancing the exploration and development of the TJ Ridge Project acquired pursuant to the Acquisition. The ability of the Company to do so is contingent upon its ongoing ability to raise the risk capital necessary to advance the projects. As noted earlier, the Company's aggregate operating, investing and financing activities during fiscal 2008 resulted in a net decrease in its cash balance to \$60,684 at October 31, 2008. The Company's working capital also decreased during the year and stood at negative \$303,864 at October 31, 2008. These fiscal results indicate that the Company is in need of additional capital in order to continue operations which in part the Company is resolving pursuant to a proposed private placement in the amount of up to \$200,000 as announced in February 2009. Despite the fact that junior resource equity markets have been in decline for several months, management is confident that it will be successful in raising sufficient funds to allow it to retire its obligations and continue operations, albeit at a lower scale than in the previous two fiscal years.

OTHER INFORMATION

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's website at www.roxgold.com.