

## WSR GOLD INC. (FORMERLY WESTCHESTER RESOURCES INC.) MANAGEMENT DISCUSSION AND ANALYSIS

1. This Management Discussion and Analysis (“**MD&A**”) relates to the financial condition and results of operations of WSR Gold Inc. (“**WSR**” or the “**Company**”) together with its wholly owned subsidiaries as of August 18, 2008, and is intended to supplement and complement WSR’s interim consolidated financial statements for the period ended June 30, 2008. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management’s expectations. Readers are encouraged to consult WSR audited consolidated financial statements and corresponding notes to the financial statements for the year ended March 31, 2008 for additional details which are available on the Company’s web site at [www.wsresources.ca](http://www.wsresources.ca) and on [www.sedar.com](http://www.sedar.com). The interim consolidated financial statements and MD&A are presented in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles (“**CND GAAP**”). This discussion addresses matters we consider important for an understanding of our financial condition and results of operations for the three months ended June 30, 2008.

This MD&A contains forward-looking statements and should be read in conjunction with the risk factors described in the “**Risk Analysis**” section and the “**Cautionary Statement on Forward-Looking Information**” at the end of this MD&A.

### 2. **History of Business and Overall Performance**

WSR is a publicly listed Canadian junior resource company with mining interests in Canada. WSR was incorporated in Ontario on May 11, 1979 and was originally involved in mineral exploration.

In April 2004 WSR was presented with an opportunity to acquire certain western Canadian oil and gas properties and shifted its focus to oil and gas exploration and development. Effective August 4 2004, WSR commenced trading on the TSX Venture Exchange under the symbol “**WSR**”.

The Company entered into a definitive agreement with Aspen Group Resources Company (“**Aspen**”) dated April 1, 2004 to acquire, explore and develop on a 50-50 basis, oil and gas properties in Canada until December 31, 2004 (the “**Joint Venture**”). The agreement was subsequently amended as of November 4, 2004 to have effect until April 1, 2009 and include all oil and gas properties acquired by either party in North America. Aspen was appointed operator under the agreement. Following its shift in focus to oil and gas, the Company, through the Joint Venture, actively acquired exploration acreage in western Canada and the northern United States over the course of fiscal 2005 and 2006.

In October of 2006, the Company had an opportunity to return to the mining industry. On October 19, 2006, WSR entered into an option agreement (the “**Option Agreement**”) with Guyana Goldfields Inc. (TSX:GUY) to earn a 50 percent interest in the Peters Mine property in Guyana (the “**Peters Mine Project**”). See “**Mining Properties**”.

On December 8, 2006, the Company elected to focus its resources solely on the mining interests and entered into a definitive agreement (the “**Definitive Agreement**”) to sell 100 percent of its 50 percent interest in the Joint Venture to Aspen. The Definitive Agreement had an October 1, 2006 effective date and closed on February 9, 2007.

During fiscal 2008, the Company entered into three new agreements with Canadian junior exploration companies to expand its exploration programs in Canada and discontinued its Guyana project. The strategy aims to reduce the Company’s country risk exposure and expand its portfolio of properties in new prospective areas.

On June 6, 2008 WSR announced the grant of an option from Golden Valley Mines Ltd. (“**Golden Valley**”) to WSR and Noront to acquire an aggregate 70% legal and beneficial interest in the Golden Valley property located in the lowland region of James Bay, Ontario. See “**Exploration projects**” note 3(v) below.

### **3. Overall Performance**

WSR incurred a net loss of \$776,503 (\$0.01 per share) for the three-month period ended June 30, 2008, compared with \$182,779 (\$0.00 per share) for the corresponding period in 2007.

The main factors that contributed to the loss were general and administrative expenses of \$151,165 (2007 - \$113,342) and stock based compensation expenses for \$679,081 (2007 - \$94,650).

Consolidated revenues for the three month ended June 30, 2008 were derived exclusively from interest income of \$54,683 compared with \$25,600 during the same period in fiscal 2008. No oil and gas revenue was generated during fiscal 2008 since the Company disposed of this segment during the last quarter of fiscal 2007.

During the first quarter of fiscal 2009 the Company financed its operations by issuing 11,000,000 shares under a private placement with proceeds of \$5.5 million, issuing 5,833,331 flow-through units for proceeds of \$3.5 million and through the exercise of 1,629,725 warrants for net proceeds of \$0.4 million.

Exploration expenses, excluding acquisition costs of \$0.5 million, incurred during the first quarter of fiscal 2009 were \$4.4 million. As at June 30, 2008 the Company had working capital of \$7.8 million compared to \$4.1 million as at March 31, 2008. The increase in working capital as at June 30, 2008 was principally due to a private placement completed during April, 2008 and warrants exercised as described above. See "Liquidity and Capital Resources".

#### **Exploration projects:**

##### **i) Peters Mine**

During the third quarter of fiscal 2008 WSR's management and geological team decided to place the Peters Mine Project on "care and maintenance". During the fourth quarter of fiscal 2008 the company evaluated the results obtained during the past and prior year's programs and concluded that, due to the discoveries made do not justify the size of commitments that the Company has on this property, unavailability of flow-through financing (and current flow-through funds available to the Company), country risk and administrative burden when compared to the new Canadian projects where flow-through financing is available; administrative resources more in line with the Company needs, and technical attractiveness of other opportunities, the Company therefore made the decision, during the first quarter of fiscal 2009 not to continue its exploration efforts in the Peters Mine Project. Since the decision has been made principally on information available as at March 31, 2008, it is management's belief that, at year end, there has been a material impairment on the value of the property and its full deferred amount (\$3.8 million) was written off.

During fiscal 2008, the Company entered into three agreements with other Canadian junior exploration companies to expand its exploration programs into Canada. This strategy reduces the Company's country risk exposure and expands its portfolio of properties in new prospective areas. The agreements are:

##### **ii) Tri-Eagle Option Agreement:**

On November 1st, 2007 the Company entered into an option agreement with Noront Resources Ltd. ("Noront") (TSX Venture:NOT) pursuant to which WSR was granted the option to acquire a 50% interest in Noront's Tri-Eagle property. The area includes 15 claim blocks, approximately 4,400 hectares (9,600 acres) in the "Ring of Fire", McFauld's Lake, Ontario, near Noront's nickel copper discovery. In order to acquire its interest in the property, WSR issued Noront an aggregate of 400,000 common shares and must incur an aggregate exploration expenditure on the property of \$5.0 million over a three-year period, of which \$1.5 million must be expended by October 30, 2008, an additional \$1.5 million on or before October 30, 2009 and a further \$2.0 million on or before October 30, 2010. The Company must also make cash payments to Noront of \$200,000 on or before October 30, 2008 and an optional additional \$200,000 on or before October 30, 2009. Any of these payments may be satisfied at the option of Noront in cash or by the issuance to Noront of 400,000 common shares of WSR at a deemed price of \$0.50 per share.

**iii) Lowland Option Agreement:**

On November 26, 2007 the Company entered into an option agreement with Metalex Ventures Ltd. ("Metalex") (TSX Venture:MTX) and Arctic Star Diamond Corp. ("Arctic") pursuant to which WSR will be granted the option to acquire 50% interest in certain claims of Metalex's and Arctic's James Bay properties in the Province of Ontario. This Lowland property is located on and around the "Ring of Fire" and cover approximately 36 square kilometers of ground.

Under the terms of the agreement, WSR has the right to fund a maximum of \$20.0 million in expenditures on the Lowland property over four years. For each \$5.0 million in expenditures, WSR will acquire a 12.5% interest in the Lowland property, up to a maximum 50% interest. During the joint venture period, a management committee will be formed.

**iv) Big Mac Option Agreement:**

On February 15, 2008 the Company entered into an option agreement pursuant to which WSR has agreed to acquire 75% interest in the MacDonald Mines Exploration Ltd. ("MacDonald") (TSX Venture: BMK) "Big Mac" property. The Big Mac property includes 51 claim blocks, approximately 11,200 hectares, in the "Ring of Fire", McFauld's Lake, Ontario, near Noront's nickel copper discovery.

In order to acquire its interest in the property WSR was required to issue MacDonald an aggregate of 5.0 million common shares of WSR of which 2.5 million were issued on closing and 2.5 million by the first anniversary date (March 14, 2009); make a cash payment to MacDonald in the amount of \$100,000 and issue MacDonald an aggregate of 1.0 million share purchase warrants, of which 500,000 warrant were issued on May 2<sup>nd</sup>, 2008 and 500,000 will be issued by March 14, 2009. Each warrant entitles the holder thereof to acquire one common share of WSR at an exercise price of \$0.50 per share for a period of two years from closing. The Company is also required to incur exploration expenditures of \$1.5 million on or before the first anniversary date and, \$1.0 million before March 14, 2010.

MacDonald shall have a carried interest until WSR delivers a pre-feasibility study to MacDonald on the Big Mac property. After the delivery of a pre-feasibility study, MacDonald will be required to pay a pro rata portion of costs related to the property to maintain its 25% interest.

**v) Golden Valley Option**

During the first quarter of fiscal 2009 the Company announced the grant of an option from Golden Valley Mines Ltd. ("Golden Valley") to WSR and Noront to acquire an aggregate 70% legal and beneficial interest in the Golden Valley property located in the lowland region of James Bay, Ontario.

In order to acquire its 35% interest in the property, WSR will be required to make payments to Golden Valley of \$175,000, payable in cash and/or by issuing common shares of WSR upon the later of the execution of a definitive option agreement, or the receipt of approval from the TSX Venture Exchange. The number of shares, if any, to be issued by WSR as consideration for the option will be equal to the dollar amount of the total consideration that Golden Valley elects to receive in shares divided by the ten day volume weighted average price of such shares for the ten trading day period immediately preceding the date on which a press release is issued announcing a definitive option agreement amongst WSR, Noront and Golden Valley. In addition to these payments, WSR and Noront will be required to incur aggregate exploration expenditures on the property of at least \$5.0 million over a three year period, of which \$1.0 million must be expended in the first year.

Upon WSR and Noront earning their collective 70% interest in the property, WSR, Noront and Golden Valley shall enter into a joint venture agreement. The Joint Venture Agreement will require WSR and Noront to fund all project costs up to the start of commercial production from the property. Following the commencement of commercial production, any cash after payment of operating expenses and third party financing costs will be distributed to Noront and WSR until such time as the aggregate of their project

costs, including interest, up to the commencement of commercial production have been repaid, following which such a cash flow shall be distributed to the parties on a pro rata basis.

The transaction remains subject to the approval of the TSX Venture Exchange and execution of the definitive option agreement.

#### 4. Industry Trends

The mineral exploration and mining business is competitive in all phases of exploration, development and production. The Company competes with a number of other entities in the search for and the acquisition of productive mineral properties. As a result of competition, the majority of which is with companies with greater financial resources than the Company, the Company may be unable to acquire attractive properties in the future on terms it considers acceptable. The Company also competes for financing with other resource companies, many of whom have greater financial resources and/or more advanced properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

The ability of the Company to acquire properties depends on its success in exploring and developing its present properties and on its ability to select, acquire and bring to production suitable properties or prospects for mineral exploration and development. Factors beyond the control of the Company may affect the marketability of minerals mined or discovered by the Company. See "Risks and Uncertainties".

#### 5. Results of Operations

The Company incurred a net loss of \$0.8 million (\$0.01 per share) in the first quarter of fiscal 2009 compared to a net loss of \$0.2 million (\$0.00 per share) for the same period in fiscal 2008. The loss incurred during the first quarter of fiscal 2009 is mainly due to general and administrative expenses of \$0.2 million (2008 - \$0.1 million) and \$0.7 million (2008 - \$0.1 million) in stock based compensation. Revenues for the first quarter of fiscal 2009 and 2008 were exclusively derived from interest income generated on short-term deposits.

Stock-option compensation expense increased by \$0.6 million to \$0.7 million for the first quarter of fiscal 2009 mainly as an increase in the number and fair value of the options granted. Consolidated general and administrative costs ("G&A") increased slightly from \$0.1 million for the first quarter of fiscal 2008 to \$0.2 million in the first quarter of fiscal 2009 consistent with increasing number of properties in Canada.

The following schedule describes the principal items and changes to general and administration expenses for the three months ending June 30, 2008 and 2007:

|                            | <u>2008</u>       | <u>2007</u>      | <u>Change %</u> |
|----------------------------|-------------------|------------------|-----------------|
| Legal and accounting       | \$ 38,518         | \$ 46,693        | -17.5%          |
| Shareholders communication | 75,231            | 27,911           | 169.5%          |
| Office and administration  | <u>37,415</u>     | <u>20,736</u>    | 80.4%           |
|                            | <u>\$ 151,165</u> | <u>\$ 95,340</u> | 58.6%           |

The Company is in the early stage of its exploration and development programs, as such is not generating sufficient cash flow to participate in additional drilling programs without raising additional funds through the capital markets. There can be no assurance that the Company will be successful in raising funds in the future (See "Risk and Uncertainties").

## Mining Properties

### i) Peters Mine

During the third quarter of fiscal 2008 WSR's management and geological team decided to place the Peters Mine Project on a "Care and Maintenance" basis. In May 2008, after evaluating the work results obtained in the Peters Mine Project and the Company's available resources and its allocation, WSR decided to discontinue its exploration efforts in the property and to concentrate its technical and financial resources into the newly acquired Canadian projects. Since management decision has been made on information available to management prior to year end the Company decided to fully write off this project effective March 31, 2008.

### ii) Tri-Eagle Property:

Under the Tri-Eagle property option agreement entered on November 1, 2007, the Company incurred \$0.2 million in acquisition costs. No exploration expenditures were incurred by March 31, 2008. For the first quarter of fiscal 2009 the Company incurred \$0.1 million in exploration expenditures in this project.

### iii) Lowland Property:

Under the Lowland property option agreement entered on November 26, 2007 the Company incurred \$1.3 million in acquisition and exploration expenditures in fiscal 2008. During the first quarter of fiscal 2009 \$3.2 million were incurred in exploration expenditures by the Company on this project. The principal items explaining this charge were drilling (\$0.5 million), air transportation (\$0.8 million) and geophysics (\$0.7 million).

### iv) Big-Mac Property:

Under the Big-Mac property option agreement the Company incurred \$1.7 million in acquisition cost and \$0.8 million in exploration expenditures during fiscal 2008. During the first quarter of fiscal 2009, \$1.1 million was spent in this property. The principal items composing the expenditure were air transportation (\$0.6 million) and drilling (\$0.2 million).

## 6. Summary of Quarterly Results

The following is selected financial data from the quarterly consolidated financial statements of the Company for the last eight completed fiscal quarters ending June 30, 2008. This information should be read in conjunction with the audited annual and unaudited interim consolidated financial statements of the Company for fiscal 2008 and 2007.

|  | 1 <sup>st</sup> Quarter<br>June 30, 2008 | 4 <sup>th</sup> Quarter<br>March 31, 2008 | 3 <sup>rd</sup> Quarter<br>December 31, 2007 | 2 <sup>nd</sup> Quarter<br>September 30, 2007 |
|--|--|---|--|---|
| Gross revenue                                      | \$ 54,683                                | \$ 50,628                                 | \$ 27,090                                    | \$ 29,631                                     |
| Net income (loss)                                  | \$ (776,503)                             | \$ (3,052,108)                            | \$ (261,416)                                 | \$ (70,517)                                   |
| Net income (loss) per share –<br>basic and diluted | \$ (0.01)                                | \$ (0.03)                                 | \$ (0.00)                                    | \$ (0.00)                                     |
|  | 1 <sup>st</sup> Quarter<br>June 30, 2007 | 4 <sup>th</sup> Quarter<br>March 31, 2007 | 3 <sup>rd</sup> Quarter<br>December 31, 2007 | 2 <sup>nd</sup> Quarter<br>September 30, 2006 |
| Gross revenue                                      | \$ 25,600                                | \$ 12,802                                 | \$ 106,338                                   | \$ 191,807                                    |
| Net income (loss)                                  | \$ (182,779)                             | \$ 146,749                                | \$ (823,766)                                 | \$ (4,769,179)                                |
| Net income (loss) per share –<br>basic and diluted | \$ (0.01)                                | \$ 0.01                                   | \$ (0.01)                                    | \$ (0.09)                                     |

Net income (loss) over the above-noted eight quarters has ranged from a loss of \$ 4,769,179 for the three months ended September 30, 2006 to a profit of \$146,749 for the three months ended at March 31, 2007. The predominant reason for the loss during the second quarter of fiscal 2007 was a ceiling test write-down of oil and gas properties as the Company reduced the carrying value of its capital investment in Manitoba. The Company performed an impairment (ceiling) test review at September 30, 2006 to assess the recoverable value of the petroleum and natural gas properties and to determine that it does not exceed its fair value. The properties were found to be impaired at September 30, 2006 and additional depletion of \$3.7 million was charged against the book value of the petroleum and natural gas properties and net income for the quarter ended. Also, the Company recorded a loss on disposition of its oil and gas properties of \$0.8 million. The \$0.5 million additional depletion charge was reclassified as part of the loss for discontinued operations. The profit realized during the fourth quarter of fiscal 2007 was mainly due to the impact of future income tax recoveries recorded on the income statement during the quarter as a result of the issuance of flow-through shares by the Company in April of 2006. The incurred loss during the fourth quarter of fiscal 2008 is primarily attributed to the write-off of the Peters Mine Project partially offset by a small recorded \$0.7 million in future income tax recoveries resulting from flow-through shares issued on December 2007. During the first quarter of fiscal 2009 the main item affecting the loss was the grant of 4,475,000 stock-options to directors and consultants of the Company (subject to shareholder's approval) which fair value was estimated at \$2.7 million with \$0.7 million (25%) charged to stock based compensation during the first quarter of fiscal 2009.

## **7. Liquidity and Capital Resources**

On December 13, 2007 the Company completed a private placement financing where an aggregate of (i) 5,925,000 flow-through units ("FT Units") at \$0.35 per FT Unit, each such FT Unit consisting of one "flow-through" common share of the Company and one-half of one share purchase warrant exercisable at \$0.45 before November 8, 2008 and (ii) 4,075,000 hard dollar units ("Units") at \$0.33 per Unit, each Unit consisting of one common share of the Company and one share purchase warrant for gross proceeds of \$3.5 million. The warrants are exercisable at \$0.45 until November 8, 2008. All the securities issued and issuable in connection with the financing had a hold period which expired April 14, 2008.

In addition, on April 25, 2008 the Company closed a private placement for gross proceeds of \$9.0 million by issuing 11,000,000 Units at a price of \$0.50 per Unit and 5,833,331 FT Units at a price of \$0.60 per FT Unit. Each Unit consists of one common share of WSR and one-half of one common share purchase warrant. Each FT Unit consists of one flow-through common share of WSR and one-half of one common share purchase warrant. Each whole warrant shall entitle the holder thereof to acquire one additional common share of WSR at an exercise price of \$0.65 per share for a period of 12 month from the date of the issuance.

As at June 30, 2008, the Company had working capital of \$7.8 million compared to a working capital of \$4.1 million at March 31, 2008. The increase in working capital as at June 30, 2008 was due to the April 25, 2008 financing specified above and the exercise of 1,629,725 warrants for proceeds of \$0.4 million. At June 30, 2008 cash and cash equivalents and short term investments totalled \$9.1 million.

## **8. Contractual obligations:**

During the fourth quarter of fiscal 2008 the Company entered into three Option agreements which contracted the following obligations:

### **i) Tri-Eagle Property:**

In order to acquire its interest in the property, WSR is required to:

- Incur aggregate exploration expenditures on the Tri-Eagle Property of \$5.0 million over a three-year period, of which \$1.5 million must be expended by October 30, 2008, an additional \$1.5 million on or before October 30, 2009 and a further \$2.0 million on or before October 30, 2010.
- Issue Noront an aggregate of 400,000 common shares.

- Make cash payments to Noront of \$200,000 million on or before October 30, 2008 and an optional additional \$200,000 on or before October 30, 2009. Any of these payments may be satisfied at the option of Noront in cash or, by the issuance to Noront of 400,000 common shares of WSR at a deemed price of \$0.50 per share.
- On January 9, 2008, in accordance with the option agreement, WSR issued 400,000 Company shares to Noront valued at \$200,000.

**ii) Lowland Property:**

Under the terms of the agreement, WSR has the right to fund a maximum of \$20.0 million in expenditures on the Lowland Property over a four years period. For each \$5.0 million in expenditures, WSR will acquire 12.5% interest in the Lowland Property, up to a maximum 50% interest. During the joint venture period, a management committee will be formed to approve programs and budgets concerning the Lowland Property. Once WSR has earned its 50% interest, or has elected to no longer sole fund exploration then the joint venture partners will fund the approved budgets *pro rata* in accordance with their respective interests, or be subject to dilution.

**iii) Big Mac Property:**

In order to acquire its interest in the property WSR is required to:

- Issue to MacDonald an aggregate of 5.0 million common shares of WSR of which 2.5 million were issued on closing and 2.5 million are to be used by the first anniversary date (March 14, 2009).
- Make a cash payment to MacDonald in the amount of \$100,000.
- Issue to MacDonald an aggregate of 1.0 million share purchase warrants, of which 500,000 warrants are to be issued on closing and 500,000 by March 14, 2009. Each warrant entitles the holder thereof to acquire one common share of WSR at an exercise price of \$0.50 per share for a period of two years from closing. 500,000 of these warrants were issued on May 2, 2008.
- Incur exploration expenditures of \$1.5 million on or before the first anniversary date and, \$1.0 million before March 14, 2010.

In addition, during the first quarter of fiscal 2009, WSR entered into the following option agreements:

**iv) Golden Valley**

On June 6, 2008 WSR announced the grant of an option from Golden Valley Mines Ltd. ("Golden Valley") (TSX Venture:GZZ) to WSR and Noront to acquire an aggregate 70% legal and beneficial interest in the Golden Valley Property located in the lowland region of James Bay, Ontario.

In order to acquire its 35% interest in the property, WSR will be required to make payments to Golden Valley of \$175,000, payable in cash and/or by issuing common shares of WSR upon the later of the execution of a definitive option agreement, or the receipt of approval from the TSX Venture Exchange. The number of shares, if any, to be issued by WSR as consideration for the option will be equal to the dollar amount of the total consideration that Golden Valley elects to receive in shares divided by the ten day volume weighted average price of such shares for the period immediately preceding the date on which a press release is issued announcing a definitive option agreement amongst WSR, Noront and Golden Valley. In addition to these payments, WSR and Noront will be required to incur aggregate exploration expenditures on the Gold Valley Property of at least \$5.0 million over a three year period, of which \$1.0 million must be expended in the first year.

The following schedule summarizes the cash payments that the Company is required to incur to earn the options:

| Project           | Fiscal periods ending |              |              |              | Total         |
|-------------------|-----------------------|--------------|--------------|--------------|---------------|
|                   | 2009                  | 2010         | 2011         | 2012         |               |
| Tri-Eagle (1)     | \$ 1,700,000          | \$ 1,500,000 | \$ 1,500,000 | \$ 1,500,000 | \$ 6,200,000  |
| Big Mac (2)       | 1,500,000             | 1,000,000    | -            | -            | 2,500,000     |
| Lowland (3)       | 5,000,000             | 5,000,000    | 5,000,000    | 5,000,000    | 20,000,000    |
| Golden Valley (4) | 1,175,000             | 2,000,000    | 2,000,000    |              | 5,175,000     |
|                   | \$ 9,375,000          | \$ 9,500,000 | \$ 8,500,000 | \$ 6,500,000 | \$ 33,875,000 |

(1) Due by October 30 of each year.

(2) Due by March 14 of each year.

(3) Due by May 16 of each year

(4) Assumes that first payment of \$175,000 will be in cash and first \$1 million will be disbursed during fiscal 2009.

For the first quarter of fiscal 2009 the Company has incurred \$4.4 million in exploration expenditure: \$0.2 million in the Tri-Eagle property, \$3.1 million in Lowland property and \$1.1 million in the Big Mac property.

## 9. Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements during the three months ended June 30, 2008.

## 10. Related Party Transactions

The Company did not have any related party transaction for the three months ended June 30, 2008.

## 11. First Quarter

During the first quarter of fiscal 2009 the company realized a net loss of \$776,503 (\$0.01 per share). The loss realized during the first quarter of fiscal 2009 is composed by \$151,165 in general and administrative expenses, \$679,081 in stock based compensation and \$940 in depreciation. Stock-options granted during the first quarter of fiscal 2009 (4,475,000) had a fair value at the time of granting of 2,716,325 and are vested every six month with the first trench vesting on granting. These options were granted pursuant to a proposed amendment to the original 2004 Stock Option Plan where the amount reserved for such a Plan would increase up to a 10% of the Company shares issued and outstanding at the time of the grant (on a non-dilutive basis).

Also during the first quarter, the Company incurred \$500,000 in acquisition cost associated with the Tri-Eagle project and \$ 4,386,734 in exploration expenditures on all the properties. The acquisition transactions were described in Section 3 above.

The following schedule describes the expenditures incurred in mineral interests, by project, during the first quarter of fiscal 2009:

**MINING INTERESTS - CHANGES FOR THE PERIOD**

|                   | Tri-Eagle         | Lowland             | Big Mac             | Total               |
|-------------------|-------------------|---------------------|---------------------|---------------------|
| Acquisition costs | \$ 500,000        | \$ -                | \$ -                | \$ 500,000          |
| Exploration       | 72,115            | 3,214,229           | 1,100,389           | 4,386,733           |
|                   | <u>\$ 572,115</u> | <u>\$ 3,214,229</u> | <u>\$ 1,100,389</u> | <u>\$ 4,886,733</u> |

The most significant exploration works conducted during this quarter have been conducted in the Lowland property operated by Metalex Ventures. The project is focused on exploration of numerous anomalies prospective for base and precious metals which are contained within the claims. Drill testing of anomaly 5.01 intersected significant Zn-Pb-Cu mineralization and this anomaly is now an exploration focus.

The operator has to date staked 113 claim blocks totalling 214 square kilometers in the area of interest. A combined airborne EM / magnetics survey has been flown over most of the joint venture's existing claims. Line cutting has been undertaken on 14 blocks and ground geophysics has been completed on 15 blocks.

**Table 1: Summary of line cutting and ground geophysics undertaken to date.**

| Grid      | Staking   | Km of            | Line cutting | Magnetics | HLEM     | NOTES                      |
|-----------|-----------|------------------|--------------|-----------|----------|----------------------------|
| Name      | Completed | line cut         | finished     | finished  | finished |                            |
| 2.08      | N/A       | 38.88            | Yes          | Yes       | Yes      |                            |
| 2.09      | N/A       | 11.2             | Yes          | Yes       | Yes      |                            |
| 2.11/2.12 | N/A       | 39.2             | Yes          | Yes       | Yes      |                            |
| 2.13 A    | N/A       | 2.3              | No           | No        | No       | WINTER                     |
| 2.13 B    | N/A       |                  | No           | No        | No       | WINTER                     |
| 2.13 C    | N/A       | 5.8              | Yes          | Yes       | Yes      | 2 anomalies                |
| 2.13 D    | N/A       | 5.6              | No           | No        | No       | WINTER                     |
| 2.18      | N/A       | 14.16            | Yes          | Yes       | Yes      |                            |
| 2.22      | N/A       | 25.95            | Yes          | Yes       | Yes      |                            |
| 2.23      | N/A       | 8.8              | Yes          | Yes       | Yes      |                            |
| 2.25      | N/A       |                  | Yes          | Yes       | Yes      |                            |
| 2.25 A    | N/A       | 3.1              | No           | No        | No       | 100m cable, WINTER         |
| 5.01      | Yes       | 6.45             | Yes          | Yes       | Yes      |                            |
| 5.01      | N/A       | 4.5              | Yes          | Yes       | Yes      |                            |
| 5.01      | N/A       | 3.85             | Yes          | Yes       | Yes      | Summer, 45 deg to baseline |
| 33        | N/A       | 7.7              | Yes          | Yes       | Yes      |                            |
| 41        | Yes       | 13               | Yes          | Yes       | Yes      |                            |
| 53        | Yes       |                  | Yes          | Yes       | Yes      |                            |
| 64        | Yes       |                  | Yes          | Yes       | Yes      |                            |
| 75        | Yes       |                  | Yes          | Yes       | Yes      |                            |
| 76        | Yes       |                  | Yes          | Yes       | Yes      |                            |
| 92 N      | N/A       | 3.3              | No           | No        | No       | WINTER                     |
| 92 S      | N/A       | 3.5              | No           | No        | No       | L0,L1 short, WINTER        |
| 416       | N/A       | <del>13.25</del> |              |           |          | cancelled (M-24 anomaly)   |

Drill testing of 4 regional anomalies has been initiated.

The project has effectively split into two parts. The ongoing regional program is operating from the more centrally located Richard Lake camp while the 5.01 work is now being supported from the new Oval Lake camp.

Personnel working on 5.01 are currently in the process of moving into the Oval Lake camp which is significantly closer to the 5.01 anomaly than Richard Lake. This camp is being constructed and operated by Matrix. Orbit Drilling has been contracted to delineate 5.01. It is estimated that an average of 8 to 10 joint venture personnel will be housed at this camp.

From Richard Lake two drills are now testing regional anomalies. Total staff based at the Richard Lake camp should soon decrease to approximately 12 people once the Oval Lake camp is fully functional.

The soon to be complete ground and down hole geophysical programs should provide insight as to the orientation of the mineralization at anomaly 5.01. Interpretation of these results will guide further drilling.

Several additional regional anomalies have now had ground geophysical studies completed. The targets generated will keep the regional drill program busy until winter. As line cutting and ground geophysics are best completed over the lowlands when the ground is frozen, the ground geophysical program is to be suspended until winter once the current lines on anomaly 5.01 are complete.

Over the next quarter, drilling is to continue at the 5.01 project and on the regional exploration program.

## **12. Changes in Accounting Policy and recent Accounting Pronouncements**

A detailed summary of all the Company's significant changes in accounting policies and recent accounting pronouncements is included in Note 3 to the audited financial statements for fiscal 2008. There had been no changes to accounting policies during the three-month period ended June 30, 2008.

## **13. Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, payables and accruals. Unless otherwise noted, it is management opinion that the Company is not currently exposed to significant interest or credit risks arising from these financial instruments. Some of the above items are denominated in United States dollars. Balances are translated at the end of the period, based on the Company's policy as set out in Note 2 in the 2008 annual audited consolidated financial statements. The Company estimates that the fair value of its cash and cash equivalents, receivables, deposits, payables and accruals approximate the carrying value of the assets and liabilities.

## **14. Recent Accounting Pronouncements**

### *Financial Instruments*

Section 3862, Financial Instruments – Disclosure and 3863, Financial Instruments – Presentation will replace Section 3861 Financial Instruments – Disclosure and Presentation, revising and enhancing disclosure requirements on the nature and extent of risks arising from financial instruments and how a company manages those risks. Beyond additional disclosure, the adoption of these new pronouncements is not expected to have any effect on the Company's financial position or results of operations.

### *Going Concern*

Section 1400 has been amended for new requirements relating to the assessment of an entity's ability to continue as a going concern. Beyond additional disclosure, the adoption of these new pronouncements is not expected to have an effect on the Company's financial position or results of operations.

## **15. Shares Issued and Issuable**

As at August 18, 2008 WSR had 112,635,708 common shares issued and outstanding and the following securities issuable upon exercise of convertible securities:

- (i) 28,723,606 warrants exercisable at a weighted average price of \$0.43; and,
- (ii) 7,425,000 stock options at a weighted average exercise price of \$0.71.

## **16. Forward Looking Statements**

Certain information included in this MD&A may constitute forward-looking statements. Forward-looking statements are based on the current expectations, intentions, plans and beliefs of WSR. Forward-looking statements can often be identified by the use of forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or other similar words suggesting future outcomes or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. By their very nature, forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from the predictions, forecasts, and projections expressed or implied herein. The factors that could cause actual results to differ

materially from any forward-looking statement include, but are not limited to, general economic conditions, industry conditions, stock market volatility, volatility of commodity prices, currency fluctuations, imprecision of resource and reserve estimates, environmental risks, competition from other industry participants, lack of availability of qualified personnel or management, delays in obtaining or failure to obtain governmental, environmental or other project approvals, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying from estimates and the ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on the forward-looking statements contained herein. WSR's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that WSR will derive there from. WSR is under no obligation and has no intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **17. Risk and Uncertainties**

### **Conflicts of Interest**

Certain of the directors and officers of WSR are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of WSR may become subject to conflicts of interest. The CBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the CBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the CBCA.

### **Reliance on Key Individuals**

WSR's success depends to a certain degree upon certain key members of the management. These individuals are a significant factor in WSR's growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on WSR.

### **Exploration and Development Risk**

The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into production mines. At present, none of the Company's properties have a known body of commercial ore. Major expenses may be required to establish ore reserves, to develop metallurgical process and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

### **Financing Risks**

The Company has limited financial resources, no operating cash flow and no assurance that sufficient funding will be available for further exploration and development of its projects or to fulfill its obligations under any applicable agreement. There can be no assurance the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Company will require additional financing if ongoing exploration of its properties is warranted.

### **Foreign Exchange Risk**

The Company is currently exposed to the impact of currency fluctuations on its monetary liabilities. The Company does not actively manage this exposure.

### **Commodity Price Risk**

The future profitability of the Company is directly related to the market prices of nickel, gold and other metals (most of which are priced in US dollars). There are significant uncertainties regarding the trends in mineral prices and the availability of equity financing for the purpose of mineral exploration and development.

### **Interest Rate Risk**

The Company currently does not have any variable rate debt instrument.

### **Government Regulation**

The exploration activities of WSR are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, toxic substance and other matters. These activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards and land reclamation. Although WSR exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that the existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

### **Land Title**

Although titles to the Properties have been reviewed by or on behalf of WSR, no assurance can be given that there are no title defects affecting Properties. Title insurance is generally unavailable for mining claims in Canada and WSR's ability to ensure it has obtained secure claim to individual mineral properties may be limited. WSR has not conducted surveys of the claims in which it holds direct or indirect interest; therefore, the precise area and location of such claims may be in doubt. It is possible that the Properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims and title may be affected by, among other things, undetected defects.

### **Disclosure Controls and Procedures**

Management has ensured that there are disclosure controls and procedures which provide reasonable assurance that material information relating to the Company is disclosed on a timely basis, particularly information relevant to the period in which annual filings are being prepared. Management believes these disclosure controls and procedures have not change during the first quarter of fiscal 2009 with respect to the ones effective during the fiscal year ended March 31, 2008.