



**NEWSTRIKE RESOURCES LTD.**  
(A Development Stage Company)

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2009**

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Newstrike Resources Ltd. (the "Company" or "Newstrike") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended March 31, 2009. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended March 31, 2009 and 2008, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The audited annual financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the years ended March 31, 2009, and March 31, 2008, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at June 17, 2009, unless otherwise indicated.

Further information about the Company and its operations is available on Newstrike's website at [www.newstrikeresources.com](http://www.newstrikeresources.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Caution Regarding Forward-Looking Statements**

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future prices of precious and base metals and other minerals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral resources; conclusions of economic evaluations; requirements for additional capital and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of mineral resources; future prices of precious and base metals and other minerals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in precious and base metals and other mineral exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no

assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

## **Description of business**

The Company is a Canadian-based mineral exploration company primarily focused on the acquisition of properties prospective for precious and base metals and other minerals. As of June 17, 2009, the Company's principal assets are: (i) the Kirkland Lake East Property; (ii) the Commodore Gold Property; (iii) the Swansea Property; and (iv) 351,500 common shares of Gowest Amalgamated Resources Ltd. ("Gowest"). On April 9, 2009, the Company sold all of its interest in PCI-1 Capital Corp. ("PCI") for a nominal amount.

Common shares of Newstrike are traded on the TSX Venture Exchange under the symbol NR.

## **Overall performance**

Over the past year, global financial and commodity market conditions have been characterized by major trading challenges, extreme volatility and uncertainty in the capital markets. Gold has managed to elude the effects of the global economic meltdown and has maintained its value and emerged as a safe haven and cache of wealth. Gold bullion has made several attempts at breaking through the US\$1,000 per ounce mark while at the same time reaching all-time highs in other currencies including the Canadian dollar. Mining and exploration stocks focused on gold have been one of the only market segments to show strength through this turbulent period.

The Company expects to continue to explore the Kirkland Lake East Property at a reduced rate in order to concentrate on the Commodore Gold Property with Queenston Mining Inc. ("Queenston"), the Company's joint venture partner. The Company will also attempt to minimize its discretionary operating disbursements while assessing new properties and will seek to acquire an interest in additional properties if it believes there is sufficient potential and if it has adequate financial resources to do so. The Company anticipates that this focused strategy will enable it to meet the near-term challenges presented by the capital markets as well as capitalizing on the renewed interest in gold bullion. The Company has sufficient cash on hand to fund its committed and discretionary exploration and operating activities planned for fiscal 2010 at current operating levels. See "Liquidity and capital resources" below.

The Company spent \$1,107,459 of cash during the year ended March 31, 2009, on exploration activities on its mineral resource properties. As at March 31, 2009, the Company had mineral resource properties of \$553,655 compared to \$776,714 at March 31, 2008. The decrease in mineral resource properties can be attributed to management's decision to terminate the Swansea Project, Jean Property and Sudbury U3O8 Project in order to concentrate on the Kirkland Lake East Property and Commodore Gold Property. See "Mineral exploration properties" below.

As at March 31, 2009, the Company had working capital of \$1,309,409 compared to \$1,606,464 at March 31, 2008. The Company had cash, term deposits and short-term investment of \$1,325,803 at March 31, 2009, compared to \$1,578,587 at March 31, 2008, a decrease of approximately 16%. The decrease in cash, term deposits and short-term investment during the year ended March 31, 2009, is primarily due to cash expenditures for the Company's exploration activities discussed above, and operating expenses. The decrease was mitigated by a financing that was completed on June 18, 2008.



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The Company raised \$1,089,900 through the issuance of 1,816,500 flow-through shares at a price of \$0.60 per flow-through share. In addition, the Company raised funds of \$20,000 from the exercise of 50,000 warrants. The decrease was also offset by interest income of \$42,024.

The Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the requirements of the Income Tax Act (Canada). The Company is obligated to incur qualifying exploration expenditures in Canada ("CEE") within 12 months from the effective date of renunciation (December 31, 2008) as defined by the Income Tax Act (Canada). As at March 31, 2009, the Company's remaining commitment with respect to unspent resource expenditures under flow-through common share agreements is \$199,000. The Company anticipates spending this commitment at the Commodore Gold Property by December 31, 2009.

## **Trends**

- The economic crisis that started in the financial sector has continued to worsen and we are now in the midst of a global recession. The mining industry is undergoing massive scaling down. Capital investment in mining has dramatically declined with major new projects cancelled or delayed, and producing properties are subject to shut downs and reduced production. Credit markets have become increasingly inaccessible and many mining companies that, just one year ago, had large cash resources to invest in mining operations are now struggling to finance day-to-day operations;
- There are significant uncertainties regarding the prices of precious and base metals and other minerals and the availability of equity financing for the purposes of mineral exploration and development. The prices of precious and base metals and other minerals in particular have fallen substantially over the past several months and financial markets have deteriorated to the point where it has become extremely difficult for companies to raise new capital. However, gold bullion has managed to elude the effects of the global economic meltdown and has maintained its value. Producers and near producers have done well recently with sustained gold prices over the US\$900 mark. However, the market's appetite for risk has not filtered down to junior gold explorers;
- The Company's future performance is largely tied to the discovery of an economically viable mineral deposit and the overall financial markets; and
- Current financial markets are likely to be volatile in Canada for the remainder of the calendar year and potentially into 2010, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. As well, concern about global growth has led to sustained drops in the commodity markets. Unprecedented uncertainty in the credit markets has also led to increased difficulties in borrowing/raising funds. Companies worldwide have been affected particularly negatively by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of precious and base metal and other mineral exploration and development, particularly without excessively diluting present shareholders of the Company.

These trends may limit the Company's ability to discover and develop an economically viable mineral deposit. See "Commodity Price Volatility" under "Risk and uncertainties" below.



## **Mineral exploration properties**

None of Newstrike's properties are at or near production. The principal assets of the Company at June 17, 2009, consist of (i) the Kirkland Lake East Property; (ii) the Commodore Gold Property; and (iii) the Swansea Property, all as further described below.

### (a) Kirkland Lake East Property

#### Ownership interest

On April 17, 2008, the Company entered into an acquisition agreement with Jaques Day, Gerald F. Day, Thomas S. Day, J. David Day, and Blair Day (together, the "Vendors") pursuant to which the Company acquired a 100% legal and beneficial interest in the property to be known as the Kirkland Lake East Property, subject to a 2% NSR. In order to acquire its interest in the property, the Company made a cash payment of \$75,000 and issued an aggregate of 250,000 common shares (valued at \$110,000). Newstrike may also purchase 50% of the NSR at any time upon payment of \$500,000.

#### Exploration activities

Over the past year, Newstrike has conducted an exploration program on the Kirkland Lake East Property.

Since last summer work including outcrop stripping, mapping, sampling for gold, a geophysical survey and diamond drilling. Work has been conducted on the favourable rock unit of the property.

Most of the rock stripping was completed over terrain that overlies the underground workings at the east end of the property. Within the favourable trachyte volcanic rock unit, a narrow mineralized zone consisting of 15% to 20% disseminated pyrite was detected along a shear zone striking north 30' east for about 50 metres along the strike length. Subsequently, an area, including the mineralization, averaging about five metres wide for 50 metres long was sampled by vertical drill holes at one-metre intervals. Gold assays from the cuttings indicate a discontinuous zone about two metres wide. The highest assays came from the south end of the zone where a trench was established to expose fresh rock.

Beneath the trench, three cross sections of closely spaced holes were drilled along a length of 20 metres to establish a grade for the mineralized zone. It was determined that the mineralization dips steeply, lacks continuity and contains low gold values; i.e., 5.5 g/t over 2.0 m and 1.2 g/t over 6.0 m.

To the west, 150 and 350 metres respectively, two short holes were drilled to test observed mineralization in stripped rock exposure. No significant values were encountered. In all, 600 metres were drilled in eight holes.

In late fall the central portion of the property, which hosts the favourable trachyte volcanic rock, was covered by an induced polarization survey. Further study and evaluation of the survey is required to determine if targets for gold mineralization have been identified.

For most of the property, the induced polarization survey constitutes the only formal exploration of the favourable rock unit. A regional airborne magnetic survey shows that the structures that are associated with the gold mineralization, specifically, faults trending north 30' east, cross the west sector of the property at three separate locations. These features have not yet been explored and should be prospected when conditions permit.

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Budget expenditures

The following are the plans related to the Kirkland Lake East Property for fiscal 2010.

Project/Property Name	Plans for Project	Planned Expenditures for Calendar 2010	Expenditures to Date	Remaining Commitment	Timing for Completion of Planned Activities
<b>Kirkland Lake East Property</b> <sup>(1)</sup>	Geological studies and an expansion on the geophysical survey	\$50,000 <sup>(1)</sup>	\$nil	\$50,000	March 31, 2010

<sup>(1)</sup> The Company plans to incur committed expenditures in the amount of \$50,000 at its Kirkland Lake East Property by March 31, 2010. The Company will conduct exploration activities on the Kirkland Lake East Property based upon results of the immediately preceding activities, natural development and reality of the field environment rather than based on a planned exploration program, which is discretionary in nature. This is subject to change if management decides to scale back operations or accelerate exploration.

Technical disclosure

The technical disclosure under the heading "Exploration activities" under "Kirkland Lake East Property" above has been prepared under the supervision of R.J. Bradshaw, P.Eng. a "qualified person" within the meaning of NI 43-101.

(b) Commodore Gold Property

Ownership interest

On February 10, 2009, the Company and Queenston entered into an option agreement with a third party to each purchase an undivided 50% interest in 36 mineral claims (12 patented claims and 24 unpatented claims located in the historic Kirkland Lake gold camp. Under terms of the agreement, to earn a 100% interest in the property, Newstrike and Queenston have each paid the vendor \$5,000 cash and at August 9, 2009, will pay a further \$95,000 cash each and issue 35,000 shares of Newstrike and 10,000 shares of Queenston. There are no underlying royalties on the property. As at June 17, 2009, Newstrike and Queenston have not exercised the option.

The Company expects to issue 35,000 common shares to the third party in the near term.



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Budget expenditures

The following are the plans related to the Commodore Gold Property for fiscal 2010.

<b>Project/Property Name</b>	<b>Plans for Project</b>	<b>Planned Expenditures for Calendar 2010</b>	<b>Expenditures to Date</b>	<b>Remaining Commitment</b>	<b>Timing for Completion of Planned Activities</b>
<b>Commodore Gold Property</b> <sup>(1)</sup>	Compilation, linecutting and diamond drilling	\$254,000 <sup>(1)</sup>	\$nil	\$254,000	March 31, 2010

<sup>(1)</sup> The Company plans to incur committed expenditures in the amount of \$254,000 at its Commodore Gold Property by March 31, 2010. The Company will conduct exploration activities on the Commodore Gold Property based upon results of the immediately preceding activities, natural development and reality of the field environment rather than based on a planned exploration program, which is discretionary in nature. This is subject to change if management decides to scale back operations or accelerate exploration.

(c) Other

(i) Jean Property

The Company conducted 2,100 metres of diamond drilling from which core samples were sent for assaying. The results have not been sufficiently encouraging to extend the option, so the option agreement was being allowed to lapse. As a result, cumulative spending to March 31, 2009, of \$1,032,134 has been written off.

(ii) Sudbury U3O8 Project

The Company, after conducting survey work, has decided to discontinue the project. As a result, cumulative spending to March 31, 2009, of \$30,446 has been written off.

(iii) Swansea Property

The Company has decided to discontinue work on the Swansea Property based on preliminary drilling results conducted to date. As a result, cumulative spending to March 31, 2009, of \$425,198 has been written off. The Company continues to have a 25% interest in the Swansea Property.



## **Overall objective**

The Company's overall objective is to discover an economically viable mineral deposit on a property it has an interest in. The Kirkland Lake East Property and the Commodore Gold Property, being the only significant mineral resource assets of the Company at June 17, 2009, will remain the focus of exploration efforts over the short to medium term. In the near term, this includes completing the Company's flow-through commitment \$199,000 and issuing 35,000 common shares to a third party to acquire an interest in the Commodore Gold Property.

The Company's ability to raise capital may be materially impacted by the turmoil in the capital markets that the world has experienced beginning in 2008 and that escalated to the date of this MD&A. See "Trends" above.

The Company expects to acquire additional grass roots exploration properties in the future to pursue the development of mineralization, which if discovered, could be economically significant. This will work towards achieving the Company's ultimate goal of identifying an economically viable mineral deposit.

The Company has not discovered an economically viable mineral deposit at the date of this MD&A. While discovery of ore-bearing structures may result in substantial rewards, it should be noted that few properties that are explored are ultimately developed into producing mines.

The Company notes that although the exploration of its existing projects is positive, mineral exploration in general is uncertain. As a result, the Company believes that by acquiring additional mineral properties, it is able to better minimize overall exploration risk. In conducting its search for additional mineral properties, the Company may consider acquiring properties that it considers prospective based on criteria such as the exploration history of the properties, the location of the properties, or a combination of these and other factors. Risk factors to be considered in connection with the Company's search for and acquisition of additional mineral properties include the significant expenses required to locate and establish mineral reserves; the fact that expenditures made by the Company may not result in discoveries of commercial quantities of minerals; environmental risks; risks associated with land title; the competition faced by the Company; and the potential failure of the Company to generate adequate funding for any such acquisitions. See "Risks and uncertainties" below.

## **Selected Annual Financial Information**

The following is selected financial data derived from the audited financial statements of the Company at March 31, 2009, 2008 and 2007 and for the years ended March 31, 2009, 2008 and 2007.

	<b>Year ended March 31, 2009</b>	<b>Year ended March 31, 2008</b>	<b>Year ended March 31, 2007</b>
Net loss	\$(1,419,059)	\$(429,437)	\$(276,958)
Net loss per share (basic and diluted)	\$(0.09)	\$(0.03)	\$(0.03)

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	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007
Total assets	\$1,913,161	\$2,429,290	\$501,952

- The net loss for the year ended March 31, 2009, consisted primarily of (i) write-off of mineral resource properties of \$1,487,778; and (ii) other working capital expenditures incurred to maintain the operations of the Company. These amounts were offset by future income tax recovery of \$316,070.
- The net loss for the year ended March 31, 2008, consisted primarily of (i) write-off of mineral resource properties of \$142,997; (ii) stock option compensation of \$226,300; and (iii) other working capital expenditures incurred to maintain the operations of the Company. These amounts were offset by future income tax recovery of \$185,600.
- The net loss for the year ended March 31, 2007, consisted primarily of (i) write-off of mineral resource properties of \$108,276; and (ii) other working capital expenditures incurred to maintain the operations of the Company. These amounts were offset by gain on sale of short-term investments of \$11,081.
- As the Company presently has no revenue, its ability to fund its operations is dependent upon its ability to secure financing through equity or the sale of assets. The value of any resource property asset is dependent upon the existence of economically recoverable mineral reserves, the ability to obtain the necessary financing to complete exploration and development, and the future profitable production or proceeds from disposition of such properties. See "Trends" above and "Risks and uncertainties" below.

## Selected Quarterly Information

A summary of selected information for each of the eight most recent quarters is as follows.

Three Months Ended	Net Revenues (\$)	Net income (loss)		Total Assets (\$)
		Total (\$)	Basic and diluted income (loss) per share (\$)	
2009-March 31	-	250,413 <sup>(1)</sup>	0.02	1,913,161
2008-December 31	-	(40,991) <sup>(2)</sup>	(0.00)	1,956,498
2008-September 30	-	(1,110,557) <sup>(3)</sup>	(0.07)	2,158,793
2008-June 30	-	(517,924) <sup>(4)</sup>	(0.04)	3,188,491
2008-March 31	-	100,728 <sup>(5)</sup>	0.01	2,429,290
2007-December 31	-	(52,184) <sup>(6)</sup>	(0.00)	2,562,395
2007-September 30	-	(386,822) <sup>(7)</sup>	(0.03)	2,589,612



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Three Months Ended	Net Revenues (\$)	Net income (loss)		Total Assets (\$)
		Total (\$)	Basic and diluted income (loss) per share (\$)	
2007-June 30	-	(91,159) <sup>(8)</sup>	(0.01)	1,797,448

Notes:

- (1) Net income of \$250,413 principally relates to the Company issuing flow-through shares. The Company renounced \$1,089,900 of qualifying expenditures to the shareholders during the fourth quarter of fiscal 2009. The tax benefit forgone by the Company in 2009 at the enacted tax rates amounted to \$316,070. This amount was offset by legal and audit fees of \$18,344. All other expenses relate to general working capital purposes.
- (2) Net loss of \$40,991 principally relates to the write-off of the Jean Property in the amount of \$16,396. All other expenses relate to general working capital purposes.
- (3) Net loss of \$1,110,557 principally relates to the write-off of the Jean Property and the Sudbury U3O8 Project in the amount of \$1,046,184. All other expenses relate to general working capital purposes.
- (4) Net loss of \$517,924 principally relates to the write-off of the Swansea Property of \$425,198 and legal and audit fees of \$63,845. All other expenses relate to general working capital purposes.
- (5) Net income of \$100,728 principally relates to the Company issuing flow-through shares. The Company renounced \$640,000 of qualifying expenditures to the shareholders during the fourth quarter of fiscal 2008. The tax benefit forgone by the Company in 2008 at the enacted tax rates amounted to \$185,600. This amount was offset by legal and audit fees of \$41,409. All other expenses relate to general working capital purposes.
- (6) Net loss of \$52,184 principally relates to legal and audit fees of \$22,006. All other expenses relate to general working capital purposes.
- (7) Net loss of \$386,822 principally relates to stock option compensation of \$198,000 and the write-off of the Cunningham Property of \$142,997. All other expenses relate to general working capital purposes.
- (8) Net loss of \$91,159 principally relates to legal and audit fees of \$21,558 and stock option compensation of \$28,300. The Company also recorded a gain on marketable securities of \$2,779 (the Company sold 50,000 common shares in Trade Winds Ventures Inc. and 25,000 common shares in Gowest). All other expenses relate to general working capital purposes.

## Results of operations

### Year ended March 31, 2009, compared with year ended March 31, 2008

Newstrike's net loss totaled \$1,419,059 for the year ended March 31, 2009, with basic and diluted loss per share of \$0.09. This compares with a net loss of \$429,437 with basic and diluted loss per share of \$0.03 for the year ended March 31, 2008. The increase of \$989,622 in net loss was principally due to:

- The write-off of mineral resource properties increased by \$1,344,781 for the year ended March 31, 2009, compared to the same period in 2008. The increase can be attributed to management's decision to terminate the Swansea Property, Jean Property and Sudbury U3O8 Project in order to concentrate on the Kirkland Lake East Property and Commodore Gold Property;
- The Company had a decrease in stock option compensation of \$182,780 for the year ended March 31, 2009, compared to the same period in 2008. The decrease can be attributed to the issue of 925,000 stock options in 2008 compared to 320,000 stock options issued in 2009. The options issued vested in accordance with the stock option plan. Users of the financial statements



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should be cautious of the valuation of stock-based compensation since its calculation is subjective and can impact net income (loss) significantly.

- Legal and audit fees decreased by \$4,214 for the year ended March 31, 2009, compared to the same period in 2008. The decrease can be attributed to less corporate activity;
- Accounting and corporate services consisted of fees paid to Marrelli Support Services Inc. ("Marrelli") to maintain the Company's reporting issuer status (See "Related party transactions" for further information). The decrease in fees of \$2,516 relates to the timing of supplier invoices to Newstrike from Marrelli;
- During the year ended March 31, 2009, consulting fees of \$26,000 were paid to a director (Donald T. Rankin) and \$1,125 was paid to another director (J. Barrie Hancock) (See "Related party transactions" for further information). For the comparative period in 2008, Donald T. Rankin was paid \$22,000 and J. Barrie Hancock was paid \$1,350;
- For the year ended March 31, 2009, and the comparative period in 2008, fees were paid to directors of the Company for attending meetings and fulfilling their responsibilities to the Company. (See "Related party transactions" for further information);
- Office and general expenses decreased by \$3,934. Office and general expenses totaled \$66,330 for the year ended March 31, 2009, (year ended March 31, 2008 - \$70,264) and consisted of administrative costs such as advertising and promotion, telephone, rent, insurance, postage and courier charges. The decrease can be attributed to the timing of supplier invoices;
- Transfer agent fees and filing fees were paid to a transfer agent for transfer registry services and a SEDAR filer, for filing public documents on SEDAR. This amounted to \$15,975 for the year ended March 31, 2009, compared to \$27,144 for the comparative period in 2008. The decrease of \$11,169 can be attributed to less corporate activity requiring Sedar filing and transfer services;
- The Company paid \$2,056 in Part XII.6 tax to the Government of Canada for instituting the look-back rule in December 2007 on flow-through expenditures in the amount of \$106,787;
- Future income tax recovery was \$316,070 for the year ended March 31, 2009, (year ended March 31, 2008 - \$185,600). The tax recovery for each year is directly related to the renunciation of flow-through expenditures. The increase of \$130,470 is attributable to the renunciation of \$1,089,900 of flow-through expenditure for the year ended March 31, 2009, compared to \$500,000 in the same period in 2008.
- For the year ended March 31, 2009, the above cost increases/decreases were offset by an increase in interest income of \$24,808 compared to the same period in 2008. The increase in interest income can be attributed to an increase in term deposits resulting from the flow-through share financing completed on June 18, 2008. As at March 31, 2009, the Company had term deposits of \$1,225,341 (March 31, 2008 - \$817,192).



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Three months ended March 31, 2009, compared with three months ended March 31, 2008

Newstrike's net income totaled \$250,413 for the three months ended March 31, 2009, with basic and diluted income per share of \$0.02. This compares with a net income of \$100,728 with basic and diluted income per share of \$0.01 for the three months ended March 31, 2008. The increase of \$149,685 in net income was principally due to:

- Legal and audit fees decreased by \$23,065 for the three months ended March 31, 2009, compared to the same period in 2008. The decrease can be attributed to less corporate activity requiring legal assistance during the quarter;
- Accounting and corporate services consisted of fees paid to Marrelli to maintain the Company's reporting issuer status (See "Related party transactions" for further information). The decrease in fees of \$4,190 relates to the timing of supplier invoices to Newstrike from Marrelli;
- For the three months ended March 31, 2009, \$9,000 of consulting fees was paid to Donald T. Rankin. (See "Related party transactions" for further information). For the comparative period in 2008, Donald T. Rankin was paid \$6,000 and J. Barrie Hancock was paid \$1,350;
- For the three months end March 31, 2009, directors' fees of \$2,000 were paid (three months ended March 31, 2008 - \$2,400). Director fees were paid to directors of the Company for attending meetings and fulfilling their responsibilities to the Company. (See "Related party transactions" for further information);
- Office and general expenses decreased by \$696. Office and general expenses totaled \$27,662 for the three months ended March 31, 2009, (three months ended March 31, 2008 - \$28,358) and consisted of administrative costs such as advertising and promotion, telephone, rent, insurance, postage and courier charges. The decrease can be attributed to less corporate activity;
- Transfer agent fees and filing fees were paid to a transfer agent for transfer registry services and a SEDAR filer for filing public documents on SEDAR. This amounted to \$1,929 for the three months ended March 31, 2009, compared to \$2,056 for the comparative period in 2008. The decrease of \$127 can be attributed to the timing of supplier invoices;
- Future income tax recovery was \$316,070 for the three months ended March 31, 2009, (three months ended March 31, 2008 - \$185,600). The tax recovery for each period is directly related to the renunciation of flow-through expenditures. The increase of \$130,470 is attributable to the renunciation of \$1,089,900 of flow-through expenditure for the three months ended March 31, 2009, compared to \$500,000 in the same period in 2008.
- For the three months ended March 31, 2009, the above cost increases/decreases were offset by an increase in interest income of \$2,007 compared to the same period in 2008. The increase in interest income can be attributed to an increase in term deposits resulting from the Flow-Through Share financing completed on June 18, 2008.



## **Liquidity and capital resources**

The activities of the Company, which primarily consist of the acquisition and exploration of properties prospective for precious and base metals and other minerals, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. For the year ended March 31, 2009, the following equity transactions were completed:

- On June 18, 2008, Newstrike completed a non-brokered private placement to raise aggregate gross proceeds of \$1,089,900 through the issuance of 1,816,500 flow-through shares at a price of \$0.60 per share; and
- Raised funds of \$20,000 from the exercise of 50,000 warrants.

Pursuant to the terms of the flow-through share agreements, the Company has complied with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) requirements for the look-back rule. The look-back rule requires the Company to incur qualifying exploration expenditures in Canada ("CEE") within 12 months from the effective date of renunciation. As at March 31, 2009, the Company is committed to incurring \$199,000 in CEE by December 31, 2009, arising from the flow-through offerings. The Company plans to incur the flow-through committed amount of \$199,000 at its Commodore Gold Property by December 31, 2009.

The Company is also committed to acquiring the Commodore property. The expected cash outflow for this acquisition is \$95,000. See "Commodore Gold Property" under "Mineral exploration properties" above.

As at March 31, 2009, the Company had working capital of \$1,309,409 compared to \$1,606,464 as at March 31, 2008. The Company had cash, term deposits and short-term investment of \$1,325,803 as at March 31, 2009, compared to \$1,578,587 as at March 31, 2008, a decrease of approximately 16%. The decrease in cash, term deposits and short-term investment during the year ended March 31, 2009, is primarily due to cash expenditures for the Company's exploration activities of \$1,107,459, and operating expenses. The decrease was mitigated by a financing that was completed on June 18, 2008. The Company raised \$1,089,900 through the issuance of 1,816,500 flow-through shares at a price of \$0.60 per flow-through share. In addition, the Company raised funds of \$20,000 from the exercise of 50,000 warrants. The decrease was also offset by interest income of \$42,024.

The Company relies on external financings to generate capital. As a result, the Company continues to incur net losses. As of March 31, 2009, the Company had 16,068,300 common shares issued and outstanding and 1,245,000 options outstanding that would raise \$961,500 if exercised in full. This is not anticipated until the current financial markets recover. See "Trends" above.

The Company's liabilities and committed and discretionary obligations for the following five years and thereafter as of March 31, 2009, are summarized below:

Table – Liabilities and committed and discretionary obligations

<b>Detail</b>	<b>Total</b>	<b>1-3 years</b>	<b>4-5 years and thereafter</b>

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Committed expenditures include:			
Accounts payable and accrued liabilities	\$35,097	\$35,097	n/a
Consulting agreement (a)	\$18,000 per year	\$54,000	\$36,000
Other consulting agreement (b)	\$36,000 per year	\$108,000	\$72,000
Flow-through commitment (c)	\$199,000	\$199,000	n/a
Part XII.6 Tax (estimated) (d)	\$2,000	\$2,000	n/a
Property payments regarding the Commodore Property (e)	\$95,000	\$95,000	n/a
Discretionary expenditures include:			
Corporate expenses (f)	\$250,000 per year	\$750,000	\$500,000
Estimated budget for fiscal 2010 (See Mineral Exploration Properties, above)	\$304,000 per year	\$304,000	\$nil
<b>Total</b>		<b>\$1,547,097</b>	<b>\$608,000</b>

- (a) The Company has entered into an agreement with its Chief Financial Officer (Carmelo Marrelli) for \$1,500 per month (\$18,000 per year) to perform the Chief Financial Officer function of the Company. See "Related Party Transactions" for more details.
- (b) The Company has entered into an agreement with one its directors (Donald T. Rankin) that calls for monthly payments of \$3,000 (\$36,000 per year). See "Related Party Transactions" for more details.
- (c) Pursuant to the terms of the flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) requirements for the look-back rule. The look-back rule requires the Company to incur qualifying exploration expenditures in Canada ("CEE") within 12 months from the effective date of renunciation. As at March 31, 2009, the Company is committed to incurring \$199,000 in CEE by December 31, 2009, arising from the flow-through offerings.
- (d) Estimated tax for instituting the look-back rule on \$199,000 payable to the Government of Canada by February 2010.
- (e) Future Commodore Gold Property payment. See "Commodore Gold Property" under "Mineral exploration properties" above.
- (f) The Company plans to incur approximately \$250,000 per year in corporate expenses over the next five years. These expenditures are generally not committed and are discretionary in nature.

The Company has no operating revenues and therefore, must utilize its current cash reserves, income from term deposits, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain its capacity to meet working capital requirements and ongoing discretionary and committed exploration and operating activities. The Company anticipates going to the market to raise capital when the opportunity arises. It may be likely that the Company will raise funds in the short-term due to the blue-sky potential of the Commodore Gold Property. Management believes this will become apparent in time. See "Risk and uncertainties" of this MD&A.



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To the date of this MD&A, the cash resources of the Company are held in cash and term deposits, all held with the Royal Bank of Canada.

The Company continues to have no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing.

The Company's liquidity risk with financial instruments is minimal as excess cash is invested in short-term guaranteed deposits. In addition, other receivable is composed of sales tax owing from government authorities in Canada.

The market value of the Company's investment in Gowest and PCI common shares as of March 31, 2009, was \$13,302 (March 31, 2008 - \$54,483). On April 9, 2009, the Company sold all of its interest in PCI for a nominal amount. The Company can sell the Gowest shares to access funds to settle its obligations as they arise. However, management intends to maintain the Company's share position in Gowest until it becomes advantageous to sell these shares or liquidity concerns necessitate such sale.

Management believes that the Company's cash and cash equivalents are sufficient to meet its committed and discretionary exploration and operating activities for fiscal 2010 at current operating levels.

The financial position of the Company beyond fiscal 2010 is difficult to predict given the current market conditions. The Company expects to have adequate financial resources in fiscal 2010, given current discretionary budgetary requirements, but it will have to evaluate its strategy as it progresses through fiscal 2010 to determine its future direction.

## **Related party transactions**

- On May 2, 2005, the Company entered into an agreement to receive services from Carmelo Marrelli, the Chief Financial Officer ("CFO") of the Company, at a monthly rate of \$1,500. The CFO is also a partner in Marrelli, a firm providing corporate services to the Company. For the year ended March 31, 2009, total services provided by Marrelli and Carmelo Marrelli were allocated as follows:

	<b>Year ended March 31, 2009 \$</b>	<b>Year ended March 31, 2008 \$</b>
Accounting and corporate secretarial services	34,520	37,036
CFO function provided by Carmelo Marrelli	18,000	18,000
Filing services (SEDAR filer is associated with Marrelli)	4,705	8,281
<b>Total</b>	<b>57,225</b>	<b>63,317</b>



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- As at March 31, 2009, the firm and associated companies were owed \$2,740 (March 31, 2008 - \$5,625). The firm and associated companies were also reimbursed for out-of-pocket expenses that occurred in the normal course of operations.
- For the year ended March 31, 2009, the Company paid consulting fees of \$27,125 (year ended March 31, 2008 - \$24,350) to directors of the Company. The fees were allocated as follows:

<b>Director Names</b>	<b>Year ended March 31, 2009 \$</b>	<b>Year ended March 31, 2008 \$</b>
Barrie Hancock	1,125	1,350
John A. Pollock	34,330	nil
Donald T. Rankin	26,000	22,000
<b>Total</b>	<b>61,455</b>	<b>23,350</b>

- For the year ended March 31, 2009, the Company paid director fees of \$4,200 (year ended March 31, 2008 - \$8,200). The director fees were allocated as follows:

<b>Director Names</b>	<b>Year ended March 31, 2009 \$</b>	<b>Year ended March 31, 2008 \$</b>
Barrie Hancock	600	1,200
Carmelo Marrelli <sup>(1)</sup>	nil	600
Donald T. Rankin	800	1,400
Ewan Downie	200	800
John A. Pollock	800	1,400
Murray W. Cooper	800	1,400
Tom Flynn	1,000	1,400
<b>Total</b>	<b>4,200</b>	<b>8,200</b>

(1) Carmelo Marrelli is not a director.

- The transactions above are in the normal course of operations and are measured at the exchange value (the amount established and agreed to by the related parties), which approximates the arm's length equivalent value.



## **Off-Balance Sheet Arrangements**

As of the date of this filing, the Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## **Proposed Transactions**

There are no proposed transactions of a material nature being considered by the Company. The Company continues to evaluate properties and corporate entities that it may acquire in the future. See "Overall Objective" above.

## **Critical accounting estimates**

The preparation of the Company's unaudited interim financial statements requires management to make certain estimates that affect the amounts reported in the financial statements. The accounting estimates considered significant are the valuation of the Company's mineral resource properties and stock-based compensation.

The policy of capitalizing exploration costs to date does not necessarily relate to the future economic value of the exploration properties. The valuation of mining interests is dependent entirely upon the discovery of economic mineral deposits.

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

Other items requiring estimates for the unaudited financial statements are other receivable, accounts payable and accrued liabilities and future income taxes.

## **Change in accounting policies**

During the year ended March 31, 2009, the Company adopted the following new accounting policies:

### *Capital Disclosures and Financial Instruments - Disclosures and Presentation*

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on April 1, 2008.

### *Capital Disclosures*

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

### *Financial Instruments*

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

### *Mineral Exploration Costs*

On March 27, 2009, the CICA issued EIC-174, Mining Exploration Costs, which provides guidance to mining enterprises related to the measurement of mineral resource properties and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatments provided in EIC-174 have been applied in the preparation of these financial statements.

## **Future accounting changes**

### *International Financial Reporting Standards ("IFRS") Implementation Plan*

The AcSB has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended June 30, 2011.

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

- Exploration and development expenditures;
- Stock-based compensation;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

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

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Initial analysis of key areas for which changes to accounting policies may be required	In progress, expected to be completed by June 30, 2009
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives	Throughout fiscal 2010
Assessment of first-time adoption (IFRS 1) requirements and alternatives	Throughout fiscal 2010
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	Q4 (March 31, 2010) – Q1 (June 30, 2010)
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	Q4 (March 31, 2010) – Q2 (September 30, 2010)
Management and employee education and training	Throughout the transition process
Quantification of the Financial Statement impact of changes in accounting policies	Throughout fiscal 2010

## **Financial instruments**

### *Property risk*

The Company's significant mineral property is the Kirkland Lake East Property (the "Project"). Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon the Project. If no additional mineral properties are acquired by the Company, any adverse development affecting the Project could have a material adverse effect on the Company's financial condition and results of operations.

### *Financial risk*

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

#### (i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and term deposits. Cash and



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term deposits are held by a Canadian chartered bank, from which management believes the risk of loss to be minimal.

(ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2009, the Company had a cash and term deposits balance of \$1,312,501 (March 31, 2008 - \$1,524,104) to settle current liabilities of \$35,097 (March 31, 2008 - \$31,112). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company is also committed to spending \$199,000 in Canadian exploration expenditures by December 31, 2009. If the Company does not spend these funds in compliance with the government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill its flow-through commitment.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

(c) Commodity and equity price risk

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

The Company's short-term investments in Gowest and PCI are subject to fair value fluctuations arising from changes in the equity markets.

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious and base metals and other minerals. Precious and base metals and other mineral prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and



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base metals and other minerals may be produced in the future, a profitable market will exist for them. A decline in the market price of precious and base metals and other minerals may also require the Company to reduce its mineral resources, which could have a material and adverse effect on the Company's value.

As of March 31, 2009, the Company was not a precious minerals, base metals and other minerals producer. However, the Company's stock price may be affected by the market price of precious minerals, base metals and other minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

### **Sensitivity analysis**

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

- (i) Term deposits are subject to floating interest rates. As at March 31, 2009, if interest rates had decreased/increased by 1% with all other variables held constant, the net loss for the year ended March 31, 2009, would have been approximately \$16,000 higher/lower, as a result of lower/higher interest income from term deposits. Similarly, as at March 31, 2009, reported shareholders' equity would have been approximately \$16,000 lower/higher as a result of lower/higher interest income from term deposits due to a 1% decrease/increase in interest rates.
- (ii) The Company's short-term investments in Gowest and PCI are denominated in Canadian dollars and are subject to fair value fluctuations. As at March 31, 2009, if the quoted market price of Gowest and PCI had decreased/increased by 100% with all other variables held constant, comprehensive loss for the year ended March 31, 2009, would have been \$13,302 higher/lower, as a result of the lower/higher quoted market price of Gowest and PCI. Similarly, as at March 31, 2009, reported shareholders' equity would have been \$13,302 lower/higher as a result of the 100% decrease/increase in the quoted market price of Gowest and PCI.
- (iii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

### **Capital Management**

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

Newstrike considers its capital to be equity, which is composed of common shares, warrants, contributed surplus, accumulated deficit and accumulated other comprehensive income, which at March 31, 2009, totaled \$1,878,064 (March 31, 2008 - \$2,398,178).



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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended March 31, 2009. The Company is not subject to externally imposed capital requirements.

## **Outlook**

The Company is attempting to complete its discretionary budget of \$50,000 on the Kirkland Lake East Property and \$254,000 on the Commodore Gold Property, while pursuing the development of mineralization, which if discovered, could be economically significant. The Company will also continue to evaluate the acquisition of other grass roots exploration properties in order to augment and strengthen its current mineral property portfolio.

## **Share capital**

At June 17, 2009, the Company had 16,068,300 issued and outstanding common shares.

Stock options outstanding for the Company at June 17, 2009, were as follows:

<b>Options</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
200,000	September 3, 2009	\$0.60
120,000	February 13, 2010	\$0.25
100,000	May 29, 2012	\$0.69
825,000	September 4, 2012	\$0.90
<b>1,245,000</b>		

## **Risks and uncertainties**

The Company's financial condition, results of operation and business are subject to certain risks that may negatively affect them. Certain of these risks are described below (and elsewhere in this MD&A):

### *Additional Funding Requirements*

The Company is reliant upon additional equity financing in order to continue its business and operations, because it is in the business of mineral exploration and at present does not derive any income from its mineral assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional equity funding in the future, it will be unable to carry out its business in the future.



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*Commodity Price Volatility*

The price of various commodities that the Company is exploring for can fluctuate drastically, and is beyond the Company's control. The Company is specifically concerned with the prices of precious and base metals and other minerals. While the Company would benefit from an increase in the value of precious and base metals and other minerals, it could also be adversely affected by a decrease in the value of precious and base metals and other minerals.

*Title to Mineral Properties*

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties for which it holds an option or concessions or mineral leases or licences, there can be no assurance that the Company has valid title to such mineral properties or that its title thereto will not be challenged or impugned. For example, mineral properties sometimes contain claims or transfer histories that examiners cannot verify; and transfers under foreign law often are complex. The Company does not carry title insurance with respect to its mineral properties. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property.

*Mineral Exploration*

Mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of some properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining, or to upgrade existing infrastructure. There can be no assurance that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Company are affected by many factors, many outside the control of the Company, including the cost of operations, variations in the grade of ore mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful.

*Country Risk*

The Company could be at risk regarding any political developments in the country in which it operates. At present the Company is only active in Canada.

*Uninsurable Risks*

Mineral exploration activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position and the value of its common shares. The Company does not maintain insurance against environmental risks.



*Environmental Regulation and Liability*

The Company's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities themselves but also the possible effects of such activities upon the environment. Environmental legislation may change and make the mining and processing of ore uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploitation activities, such as seepage from tailings disposal areas that could result in environmental pollution. A breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities. Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations that may entail costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

*Regulations and Permits*

The Company's activities are subject to a wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

*Potential Dilution*

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

### **Allocation of expenditures by project**

<b>Sudbury U3O8 Project</b>	<b>March 31, 2009</b>	<b>March 31, 2008</b>
Beginning balance	\$13,270	\$ -
Consulting	2,500	3,045
Geology	-	2,250
Staking	-	4,085
Miscellaneous	3,141	1,643
Transportation	-	2,247
Airborne survey	11,535	
<b>Total cost incurred</b>	<b>17,176</b>	<b>13,270</b>
Write-off of mineral property	(30,446)	-
Ending balance	\$ -	\$13,270

<b>Jean Property</b>	<b>March 31, 2009</b>	<b>March 31, 2008</b>
Beginning balance	\$338,177	\$ -
Reports	1,821	27,959
Geology	104,600	39,262
Access roads	-	64,882
Drilling	321,621	-
Cost of extension	-	26,800
Fieldwork	45,958	-
Miscellaneous	83,485	8,984
Staking	5,195	
Travel and accommodation	104,476	3,475
Option payments	-	166,815
Sample preparation	26,801	

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Total cost incurred	693,957	338,177
Write-off of mineral property	(1,032,134)	-
Ending balance	\$ -	\$338,177

<b>Swansea Project</b>	<b>March 31, 2009</b>	<b>March 31, 2008</b>
Beginning balance	\$425,267	\$ -
Geology	-	37,600
Acquisition costs	-	111,000
Drilling	-	267,910
Miscellaneous	(69)	2,826
Travel and accommodation	-	5,931
Total cost incurred	(69)	425,267
Write-off of mineral property	(425,198)	-
Ending balance	\$ -	\$425,267

<b>Kirkland Lake East Property</b>	<b>March 31, 2009</b>	<b>March 31, 2008</b>
Beginning balance	\$ -	\$ -
Acquisition costs	185,000	-
Geology	118,761	-
Line cutting	2,100	-
Drilling	62,735	-
Equipment rental	6,186	-
Environmental assessment	27,260	-
Miscellaneous	28,320	-
Surveys and mapping	32,242	-
Travel and accommodation	9,213	-



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Exploration costs	21,339	-
Assays and sample preparation	68,895	-
Recovery of costs	(16,000)	-
<b>Total cost incurred</b>	<b>546,051</b>	<b>-</b>
Write-off of mineral property	-	-
Ending balance	\$546,051	\$ -

<b>Commodore Gold Property</b>	<b>March 31, 2009</b>	<b>March 31, 2008</b>
Beginning balance	\$ -	\$ -
Acquisition costs	5,000	-
Geology	800	-
Travel and accommodation	1,176	-
Miscellaneous	628	-
<b>Total cost incurred</b>	<b>7,604</b>	<b>-</b>
Write-off of mineral property	-	-
Ending balance	\$7,604	\$ -

**Disclosure of Internal Controls**

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the annual financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the annual financial statements; and (ii) the annual financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this 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 NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of



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- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.