

SOLA RESOURCE CORP
FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
For the First Quarter Ended April 30, 2010

This Management Discussion and Analysis (“MD&A”) is dated June 29, 2010.

This MD&A of the results of operations and the financial condition of Sola Resource Corp. (“Sola” or the “Company”) supplements, but does not form part of the unaudited interim consolidated financial statements and accompanying notes of the Company for the quarter ended April 30, 2010. Consequently, the following discussion and analysis of the financial condition and results of operations of Sola should be read in conjunction with the unaudited interim consolidated financial statements for the quarter ended April 30, 2010 and the audited consolidated financial statements for the year ended January 31, 2010.

This MD&A contains certain forward-looking information. All information other than historical facts included herein, including without limitation, data regarding potential mineralization, exploration results and future plans and objectives of Sola is forward looking information that involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in the forward looking information made as of the date of this MD&A.

With respect to timely disclosure by Sola of data and information in general, and especially in the MD&A, materiality and material information is considered by the Company as something that would be likely to affect the Company’s share price or influence an investors decision whether or not to buy, sell, or hold shares once it becomes known to the public.

Additional information related to the Company is available for view at www.solaresourcecorp.com or on the SEDAR website at www.sedar.com.

Description of Business

The Company was incorporated under the Companies Act (British Columbia) and continued into Alberta and is in the business of acquiring, exploring and developing mineral properties in Brazil and Canada.

Sola is a listed Tier 2 issuer on the TSX Venture Exchange, trading under the symbol “SL”. The Company is a venture issuer and is not required to file an Annual Information Form.

As at the date of these unaudited interim consolidated financial statements, the Company has not been able to identify a known body of commercially viable grade of minerals on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercially viable mineralized body, to finance its development costs and to resolve any environmental, regulatory or other constraints which might hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

Mineral Property Obligations

The Exchange accepted the terms and conditions of an Option and Joint Venture Agreement (the “Agreement”) with Bantu Mineração Ltda. (“Bantu”) dated December 22, 2004. The Agreement allows the Company to acquire an 80% interest in the Bantu property (the “Property”). The Company is required to meet the following obligations:

The Company will pay US\$184,260 (paid) and issue 1,500,000 common shares to Bantu to acquire an 80% interest in the Property.

Once the Company has acquired its 80% interest, the Company and Bantu will establish a joint venture, in which the Company will have an 80% interest and Bantu will have a 20% interest. The operator of the joint venture will initially be Bantu.

Bantu will assign to the Company 80% of its interest and title to the Almir Mendonça Option Agreement (the “Almir Agreement”), and the Paulo Pacifici Option Agreement (the “Pacifici Agreement”). The joint venture will be entitled to acquire an 80% interest in the Almir property for a total payment of US\$2,000,000 to be paid as follows:

1. US\$500,000, (paid)
2. US\$250,000 on 16 March 2006, (paid)
3. US\$1,250,000 on 16 March 2007

As of March 9, 2007, the Almir Agreement was amended such that the payment schedule is as follows; such amounts are included in the above totals:

1. US\$300,000 by March 23, 2007 (paid)
2. US\$100,000 on 24 April 2007 (paid)
3. US\$100,000 on 24 May 2007 (paid)
4. US\$100,000 on 24 June 2007 (paid)
5. US\$600,000 on 23 November 2007 (paid)

In a press release from the Company on October 17, 2007, it was announced that all terms above had been achieved and the Company had acquired 80% interest in the property.

Paulo Property, Brazil

The Bantu Joint Venture had the option to acquire an 80% interest in certain mineral claims located in the State of Rondônia, Brazil (the “Paulo Property”) for cash proceeds of US\$140,000 to be paid by the Company as follows:

1. US\$80,000 on July 14, 2005 (paid)
2. US\$60,000 (paid)

Expenditures related to the Bantu Property for the three month periods ended 30 April 2010 and 2009 can be summarized as follows:

	2010	2009
	\$	\$
Operating expenses		
Administration	-	9,423
Camp and field expenditures	-	63,216
Geological and consulting	-	93,541
Professional and technical	-	97,444
	<u>-</u>	<u>263,624</u>

MacKay Lake, NWT

The Company entered into an option agreement with Diamond Hawk Mining Corp. (“Diamond Hawk”) whereby the Company has the right to acquire up to a 70% interest in Diamond Hawk's MacKay Lake diamond property, which consists of 36 claims located in the South mining district of the Northwest Territories. In consideration, the Company has paid \$50,000 under this option agreement. To earn a 60% interest, the Company was required to expend \$1,000,000 in exploration expenditures (\$6,000 incurred) on or before December 31, 2008. To earn an additional 10% interest, the Company was required to expend an additional \$500,000 in exploration expenditures on or before December 31, 2009.

On 17 May 2009, the Company entered into an amending agreement with Diamond Hawk related to the MacKay Lake Property whereby the Company:

- i. Must expend \$500,000 on or before 31 December 2009;
- ii. Has until 30 June 2010 to earn its initial 60% interest; and
- iii. Has until 30 June 2011 to earn a further 10% interest.

The Company did not have a work program on this property in the fiscal year 2010, 2009 or 2008 due to the inability of the Company to obtain a permit to access and conduct an exploration program. The Company option on this property has expired.

Yamba Lake, Canada

The Company, Tanqueray Resources Ltd. (“Tanqueray”) and Mill City International Inc. (“Mill City”) jointly hold a 51% undivided interest in certain mineral claims located in the McKenzie Mining District, Northwest Territories Canada (the “Yamba Lake Property”). The Company has no outstanding capital commitments on the Yamba Lake Property. The Company and its joint interest partners have no plans to commit to exploration on Yamba Lake Property in the near future.

The Company had no expenditures related to the MacKay Lake Diamond Property for the three month periods ended 30 April 2010 and 2009.

Manganese - Vein Claim & Jaburi Properties, Brazil

On 18 February 2009, the Company entered into an option agreement to acquire an 80% interest in a Manganese Property, the “Vein Claim”, located in the Rondonia, province of Brazil (the “Manganese Property”). The Company paid US\$125,000 (CDN \$155,415) pursuant to the terms of the option agreement and is required to pay an additional US\$575,000 and issue 8,000,000 common shares up to 90 days after a “GUIA” production permit is obtained on that property (referred to as the Vein claim) . On July 28, 2009 additional ground, called the Jaburi claim, was added to this agreement. The Company can acquire the remaining 20% interest in the Manganese Properties upon payment of US\$20,000,000 at the Company’s discretion.

The GUIA has not been obtained on the “Vein Claim” as at the reporting date. The Company does not have sufficient information to advise a date when the vendor will obtain the GUIA, the final payment be made and limited production can commence.

The Company has paid or accrued expenditures to year end January 31, 2010 on these properties which consisted of exploration and geological costs of \$448,220 (31 January 2009 - \$Nil) to complete all exploration requirements on these properties. As well the \$125,000 USD (\$155,415 CAD) mineral property acquisition fee paid in the last fiscal year. During the period ended April 30, 2010, the Company dug 48 additional pits on Jaburi and paid all taxes due on Sao Felipe.

Dash Claims, British Columbia

On 08 June 2009, the Company signed an option agreement to purchase 100% of a property showing potential for the discovery of gold deposits in British Columbia (the “Dash Claims”) with Fundamental Resources Corp. (“FRC”), a company controlled by a director and officer of the Company. The Dash Claims is located 105 kilometers northwest of Lillooet, British Columbia. Previous drilling in 1987 by Esso Resources Canada had revealed some significant gold intersections.

1. In accordance with the option agreement the Company shall expend the following as eligible exploration expenditures:
 - a) \$300,000 of Eligible Exploration Expenditures on or before the date 8 months after the Effective Date (Fully expended);

- b) \$300,000 of Eligible Exploration Expenditures on or before the date 16 months after the Effective Date;
- c) \$350,000 of Eligible Exploration Expenditures on or before the date 24 months after the Effective Date;

2. In order to keep the Option in good standing Sola shall, subject to all regulatory approvals including the approval of the TSX Venture Exchange (the “**Exchange**”), issue shares to FRC on or before the date one month after:

- (a) the date referred to in 1(a), 2,620,000 Shares to FRC (Issued February 8, 2010);
- (b) the date referred to in 1(b), 2,620,000 Shares to FRC;
- (c) the date referred to in 1(c), 3,060,000 Shares to FRC,

and, for the avoidance of doubt, not exceeding in aggregated 8,300,000 shares.

Upon Sola satisfying the obligations in 1(a) and 2(a), Sola will be deemed to have acquired 25% of the whole of the undivided, right, title and interest in the Property free of all encumbrances; (Acquired)

Upon Sola satisfying the obligations in 1(b) and 2(b), Sola will be deemed to have acquired a further 24% of the whole of the undivided, right, title and interest in the Property free of all encumbrances and will be deemed to have acquired in aggregate 49% of the whole of such interest in the Property;

Upon Sola satisfying the obligations in 1(c) and 2(c), Sola will be deemed to have acquired a further 51% of the whole of the undivided, right, title and interest in the Property free of all encumbrances and will be deemed to have acquired in aggregate the whole of such interest in the Property;

The terms of the proposed option are that the Company will complete a \$950,000 exploration and drilling project over a two-year period. If the option is completed, the FRC would receive 8,300,000 million common shares of the Company, in stages, and acquire an overriding 2% NSR. This option agreement was approved by TSX Venture Exchange on 24 August 2009.

The Company mobilized a camp on site during the summer of 2009 and conducted a small drill program expending \$331,643. This program had two objectives, those being to reduce its flow through tax liability but also to commence an exploration program on this promising gold property. The forest fires in Lillooet and some technical challenges reduced the amount of drilling that was conducted. Further drilling is expected to be conducted in 2010.

Expenditures related to the Dash Claims for the three month periods ended 30 April 2010 consist of administration of \$300 (30 April 2009 - \$Nil) and option agreement of \$131,000 (30 April 2009 - \$Nil).

Quarterly Financial Summary

	<i>Qtr 1</i> Three Months Ended April 30, 2010	<i>Qtr 4</i> Three Months Ended Jan 31, 2010	<i>Qtr 3</i> Three Months Ended Oct 31, 2009	<i>Qtr 2</i> Three Months Ended July 31, 2009
<i>Cash & Cash Equivalents</i>	\$ 17,831	\$ 175,187	\$ 35,835	\$ 110,502
<i>Working Capital</i>	(2,890,799)	(2,749,626)	(2,636,827)	(2,379,038)
<i>Net Sales</i>	-	-	-	-
<i>Loss before extraordinary items</i>	367,943	(98,756)	484,313	418,035
<i>Net Loss and comprehensive loss</i>	367,943	(98,756)	484,313	418,035
<i>Loss per share and fully diluted loss per share</i>	0.002	(0.001)	0.004	.00
<i>Total Assets</i>	26,415	183,233	154,018	213,516
<i>Total Long Term Financial Liabilities</i>	-	-	-	-

	<i>Qtr 1</i> Three Months Ended April 30, 2009	<i>Qtr 4</i> Three Months Ended Jan 31, 2009	<i>Qtr 3</i> Three Months Ended Oct 31, 2008	<i>Qtr 2</i> Three Months Ended July 31, 2008
<i>Cash & Cash Equivalents</i>	\$ 18,877	\$ 123,835	\$ 61,944	\$ 264,530
<i>Working Capital</i>	(2,778,679)	(2,344,488)	336,010	(1,382,086)
<i>Net Sales</i>	-	-	-	-
<i>Loss before extraordinary items</i>	574,975	3,302,945	1,653,628	390,024
<i>Net Loss</i>	574,975	3,302,945	1,653,628	390,024
<i>Loss per share and fully diluted loss per share</i>	.01	.04	0.02	0.004
<i>Total Assets</i>	119,958	212,833	2,634,270	2,201,926
<i>Total Long Term Financial Liabilities</i>	-	-	-	-

The above table is stated in dollars. These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business.

Results of Operations

With the new management team, costs were significantly reduced in this quarter as well as much of the previous year since the new management group under Dr. William Pfaffenberger commenced. Administrative costs and overhead significantly decreased to maximize the Company's ability to direct their funds to projects which management believes to have improved opportunity to gain financial success through a short or intermediary term income stream. Management fees were eliminated during the comparable quarter in previous year due to the termination of an operator in March, 2009.

The Company incurred a loss during the quarter ended 30 April 2010 of \$367,943 (30 April 2009 - loss of \$574,975) These included:

- a further write down of payables of \$22,415 resulted as the Company worked with vendors on prior year accounts and has had some of these accounts reduced through arrangements.
- \$131,000 was expensed to Acquisition of Mineral Properties for the 2,620,000 shares with a deemed value of \$0.05 paid February 8, 2010 as a requirement of the Dash gold option agreement.
- Stock based compensation expense was booked in the amount of \$94,479 this quarter (30 April 2009 – NIL)
- There were no management fees in this quarter (30 April 2009 - \$121,393)
- Administrative services were reduced to prior year by \$39,995 as well as a further reduction to office expense of \$13,981.
- Legal and accounting fees were \$25,688 (30 April 2009 - \$76,669) a reduction of \$50,981.

Liquidity and Capital Resources

As at April 30, 2010, the Company reported working capital deficiency of \$2,890,799, (30 April 2009, a working capital deficiency of \$2,778,679 and cash and cash equivalents of \$17,831 (30 April 2009 - \$18,877).

The Company currently does not have credit facilities with financial institutions and does not anticipate that it will generate revenue from its activities on the previously announced manganese property in Brazil until the Guia de Utilização "GUIA" is obtained on the "Vein Property" or other venture income.

Subsequent to the reported quarter, on May 25, 2010 the Company reported that it has signed a Non-Binding Memorandum of Understanding, (“MOU”), to purchase 50% of Rio Madeira Comercio Importacao E Exportacao De Minerios, (“Rio Madeira”). Rio Madeira presently produces approximately 2,000 tons of Manganese per month and will be ramping up this production in the coming months. There are approximately 85,000 hectares in total under management and some 40 hectares located immediately adjacent to the active mining location at the Rio Madeira mine contained within 3000 hectares under a mining license. In the past, Rio Madeira has produced as much as 4,000 tonnes of Manganese per month, but this production has been unpredictable. The average grade of the Manganese produced is 52%, as reported by Rio Madeira.

The new management team has effected many operational and organizational changes and has developed a strong, engaged team which has proactively made many changes to improve the direction and opportunities for the Company. Besides cost controls, it has been very active in moving forward towards moving the Company to a position of financial well being.

The Company has taken a conservative approach on accounts payables and accruals and the new management team has engaged significant resources to strengthen internal controls which included an active and qualified Audit Committee which has already had impact on the business operations.

The Company had received some services from the Canamera group of Companies, primarily Canamera Geoscience, a private Alberta company who provided a small office and certain administrative support services to the Company, and Canamera Mineracao, a Brazilian based consulting and operating services group servicing Sola’s Brazilian properties. All arrangements were terminated on March 13, 2009. The Company continues to attempt to gain access to documentation which is in the possession of Canamera in order to review invoice documents for accuracy. Appropriate support to each billing, authorization, validity and standards of performance are also being examined. The Company had netted posted invoices against substantial advances, but has not authorized nor substantively agreed to their payment. The Company continues the process of reviewing available documentation to reconcile the account balances and will commence the write-down of unsupported and incorrect billings.

The unaudited interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to acquire adequate financing, and to commence profitable operations in the future.

The Company did not offer any equity financing during the completed quarter. There were also no warrants or options exercised during the reported three months.

Related Party Transactions

The Officers of the Company are currently not receiving management fees for the services that they provide to the Company from their office. During the comparable period last year (30 April 2009), the Company paid or accrued management fees of \$15,000.

The Company issued on 8 February 2010, 2,620,000 shares to FRC in accordance with the terms and conditions of the Dash gold property agreement. A Director and Officer of the Company is also a Director of FRC.

On 20 April 2010, the Company reported that a Director and Insider of the Company had agreed to financially support the actions and activities of the Company on a continuing basis. As at 30 April 2010, the balance due to this related party was \$75,000. The loan bears interest at 6% per annum, is unsecured and is due on demand. During the three month period ended 30 April 2010, the Company accrued interest expense of \$312 (30 April 2009 - \$Nil). The balance as at 30 April 2010 consists of principal and accrued interest of \$75,000 (30 April 2009 - \$Nil, 31 January 2010 - \$Nil) and \$312 (30 April 2009 - \$Nil, 31 January 2010 - \$Nil), respectively.

A Company of which an officer and director of the Company is associated as a principal had fees and services paid or accrued in the amount of \$114,734 (30 April 2009 - \$NIL)

The amounts charged to the Company for the services provided have been determined by negotiation amongst the Parties, and in certain cases, are covered by signed agreements. It is the position of the management of the Company that these transactions were in the normal course of operations and were measured at the exchange value that represented the amount of consideration established and agreed to by the related parties.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

IFRS

In 2006, the Accounting Standards Board ("ACSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian Companies. The AcSB strategic plan outlines the convergence of Canadian Generally Accepted Accounting Standards (GAAP) with International Financial Reporting Standards (IFRS). In February 2008, the AcSB announced that 2011 is the changeover date for publically accountable enterprises to apply IFRS. The changeover is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. For the Company, the transition date of February 1, 2011, will require restatement of comparative amounts reported by the Company for the financial year ended January 31, 2011 and 2010. Accordingly, the Company will transition from current Canadian GAPP financial reporting and commence reporting under IFRS no later than April 30, 2012, with restatement of comparative information presented. The interim periods April 30, 2012, July 31, 2012, and October 31, 2012 will be reported in accordance with IFRS.

Though IFRS uses a conceptual framework similar to Canadian GAPP, there are some significant differences on recognition, measurement and disclosure requirements. The Company is currently evaluating the impact of the transition to IFRS on its financial reporting, internal control systems and business activities and ensuring the appropriate personnel, resources, and training are in place to ensure an efficient transition. In particular the Company is studying the impact of applying the following IFRS standards: *IFRS 1 First-time Adoption of IFRS, IFRS 6 Exploration for and Evaluation of Mineral Resources, IFRS 2 Share-based Payment, IFRS 7 Financial Instruments: Disclosures, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, IAS 16 Property, Plant and Equipment, and IAS 24 Related Party Disclosures.*

Outstanding Share Data

Authorized capital stock consists of an unlimited number of voting common shares without par value. As of April 30, 2010 there were 147,521,992 common shares issued and outstanding.

Capital stock transactions of the Company for quarter ended 30 April 2010 and the comparable quarter ended 30 April 2009 were as follows:

2009

- i. On 23 February 2009, a total of 514,000 agent compensation warrants exercisable at a price of \$0.50 per common share expired
- ii. On 23 February 2009, a total of 2,637,857 share purchase warrants exercisable at a price of \$0.50 per common share expired.

- iii. On 2 March 2009, the Company filed its flow-through filings related to the issuance of flow-through shares during the year ended 31 January 2009.
- iv. On 24 March 2009, the Company issued 19,091,300 units at a price of \$0.05 per unit. Each unit consists of one common share and one non-transferable share purchase warrant. Each share purchase warrant entitles the holder to purchase an additional common share at a price of \$0.15 up to 24 March 2010. As at 30 April 2010, none of the related share purchase warrants in this series remain outstanding.
- v. On 24 March 2009, the Company issued 908,700 units at a price of \$0.05 per unit for related party debt of \$45,435. Each unit consists of one common share and one non-transferable share purchase warrant. Each share purchase warrant entitles the holder to purchase an additional common share at a price of \$0.15 up to 24 March 2010. As at 30 April 2010, none of the related share purchase warrants in this series remain outstanding.
- vi. On 24 March 2009, the Company issued 1,301,391 units for at a price of \$0.05 per unit for services rendered by a private placement agent. Each unit consists of one common share and one non-transferable share purchase warrant. Each share purchase warrant entitles the holder to purchase an additional common share at a price of \$0.15 up to 24 March 2010. As at 30 April 2010, none of the related agent compensation warrants in this series remain outstanding.
- vii. On 5 April 2009, a total of 10,484,000 share purchase warrants exercisable at a price of \$0.40 per common share expired.
- viii. On 5 April 2009, a total of 514,400 agent compensation warrants exercisable at a price of \$0.25 per common share expired.
- ix. On 18 April 2009, a total of 266,667 stock options exercisable at a price of \$0.30 per common share expired.

2010

- i. On 8 February 2010, the Company issued 2,620,000 common shares valued at a price of \$0.05 per share pursuant to the Dash Option Agreement dated 8 June 2009.
- ii. On 22 February 2010, 800,000 stock options with an exercise price of \$0.30 expired.
- iii. On 8 March 2010, 40,000 agent compensation warrants with an exercise price of \$0.25 expired.
- iv. On 24 March 2010, a total of 21,301,391 share purchase warrants and agent compensation warrants with an exercise price of \$0.15 expired.
- v. On 13 April 2010, the Company issued 7,700,000 stock options pursuant to its stock option plan. Each stock option entitles the holder to purchase a common share at a price of \$0.10 up to 12 April 2015. As at 30 April 2010, all of the related stock options in this series remain outstanding.

Stock options

The following is a summary of stock option activities during the quarters ended 30 April, 2009 and 2010.

	Number of options	Weighted average exercise price \$
Outstanding and exercisable at 1 February 2009	9,716,667	0.26
Granted	-	-
Exercised	-	-
Expired	<u>(266,667)</u>	0.21
Outstanding and exercisable at 30 April 2009	<u>9,450,000</u>	<u>0.26</u>
Weighted average fair value of options granted during the period		<u>-</u>
Outstanding and exercisable at 1 February 2010	6,050,000	0.16
Granted	7,700,000	0.10
Exercised	-	-
Expired	<u>(800,000)</u>	0.30
Outstanding and exercisable at 31 January 2010	<u>12,950,000</u>	<u>0.11</u>
Weighted average fair value of options granted during the period		<u>0.03681</u>

Warrants

The following is a summary of warrant activities for the quarters ended 30 April 2009 and 30 April 2010:

	Number of Warrants	Weighted average exercise price \$
Outstanding and exercisable at 1 February 2009	23,273,678	0.41
Granted	21,301,391	0.15
Exercised	-	-
Expired	<u>(14,150,257)</u>	0.42
Outstanding and exercisable at 30 April 2009	<u>30,424,812</u>	<u>0.23</u>
Weighted average fair value of warrants granted during period		<u>0.03619</u>
Outstanding and exercisable at 1 February 2010	45,440,947	0.15
Granted	-	-
Exercised	-	-
Expired	<u>(21,341,391)</u>	0.15
Outstanding and exercisable at 30 April 2010	<u>24,099,556</u>	<u>0.14</u>
Weighted average fair value of warrants granted during the period		<u>-</u>

Operational Activity During the Year

- On 1 February 2010 the Company announced the election of Dr. David Madill, M.D as a new Director and the Chair of the audit committee.
- On 20 April 2010 the Company announced that a Sola Director and insider have agreed to financially support the actions and activities of the Company on a continuing basis.

Subsequent Events

The following news releases were disseminated after April 30, 2010

- On 25 May 2010 the Company reported that it has signed a Non-Binding Memorandum of Understanding, (“MOU”), to purchase 50% of Rio Madeira Comercio Importacao E Exportacao De Minerios, (“Rio Madeira”). The Company announced that this is a potentially strategic partnership and opportunity for Sola. The Company has secured this MOU with the full agreement of the stakeholders of Rio Madeira and as such both parties will commence working towards establishing definitive, binding agreements immediately. Rio Madeira presently produces approximately 2,000 tons of Manganese per month and will be ramping up this production in the coming months. There are approximately 40 hectares of land under management that Rio Madeira mine Manganese from. In the past, Rio Madeira has produced as much as 4,000 tons of Manganese per month, but this production has been unpredictable. The average grade of the Manganese produced is 52%, as reported by Rio Madeira. On 25 May 2010 the Company announced that it had signed a Non-Binding Memorandum of Understanding to purchase 50% of Rio Madeira Comercio Importacas E Exportacas D Minerios (Rio Madeira)
- On 02 June 2010 the Company reported that it has commenced its due diligence and definitive agreements for 50% purchase of Rio Madeira Comercio Importacao E Exportacao De Minerios, (“Rio Madeira”). The Company announced that it had commenced an in depth due diligence process of Rio Madeira and its corporate position. Alongside this is the drafting and review of the definitive Agreements needed to establish this new partnership. It is proposed that Sola will be purchasing 50% of the share capital of Rio Madeira, a Manganese production company and facility in Brazil. The completion of due diligence is expected to take 3 to 5 weeks and will comprise a site visit by Sola’s geotechnical expert to the acreage that is presently controlled by Rio Madeira. This geotechnical review will serve to establish the size and scope of near term targets for Manganese production. Definitive agreements will secure the position that Sola intends to take in Rio Madeira and provide a true operational structure to work from that is success based. These will clearly delineate duties and responsibilities for all parties.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulators and the information required is accumulated and communicated to management.

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company’s disclosure and have concluded that they are adequate and effective to ensure accurate and complete disclosure. Additionally, during the month in which this report was prepared, several improvements have been made to enhance controls. These include enhancements to the audit committee, management changes and improved support services.

Internal Controls over Financial Reporting

The Company's CEO and CFO are responsible for designing internal controls over financial reporting ("ICFR"), or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The CEO and CFO have assessed the design of its internal controls over financial reporting as at 30 April 2010 and have concluded that the Company's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Significant changes were made to improve the internal controls in the Company during the year. In May, 2009 Dr. William Pfaffenberger was appointed as CEO of the Company and additions were made to the Board. The Board became more engaged in all aspects of the operation with continual meetings. Dr. Madill was appointed head of the audit committee and the group has had several meetings and has been addressing control issues. Mr. Tam was appointed Secretary to the Board.

During the assessment process, the following weaknesses in internal controls over financial reporting were identified:

As the Company does not have a sufficient number of finance personnel or the expertise to address all complex and non-routine accounting issues that arise, it engages outside advice concerning such matters. The Company is a venture capital exploration company and, as such, does not engage in non-routine accounting issues or in complex accounting transactions.

Management does not expect that the internal controls over financial reporting will prevent all errors and fraud. Internal controls, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The Company continues to retain external auditors to review the Company's interim consolidated Financial Statements. The combination of this external review, in concert with an engaged accounting group and the internal measures discussed, it provides, in management's opinion additional checks and balances and improved internal controls.

OPERATIONAL ACTIVITIES FIRST QUARTER FISCAL 2011

The Company has made many personnel changes during the last 12 months, has developed an engaged Board and more formalized reporting. Clear leadership was provided when Dr. Pfaffenberger was appointed CEO in May 17, 2009. Mr. Andrew Male was appointed CFO on December 11, 2009. Mr. David Tam LLB as Secretary to the Board on May 28, 2009. Dr. Madill was elected to the Board and became Chair of the Audit Committee at the Annual General Meeting as announced February 01, 2010 to provide the needed strength in those areas.

The Audit Committee has continued to be actively engaged in the review, coordination and direction on the vendor accounts and internal controls. This included the clearing of many smaller vendors as well as a comprehensive review of all accounts payable including the former operator's invoicing.

The Company has determined that the primary focus would be on projects which either generate early cash-flow or which focus upon commodities such as gold, which have better current investment appeal. Specifically, the Company has placed most of its focus this quarter on manganese. This included both the continued work on the Jaburi and Sao Felipe claim as well as the recent signing of a Memorandum of Understanding with a Manganese production company known as Rio Madeira Comercio Importacao E Exportacao De Minerios.

The Company, on February 18, 2009 had entered into an option agreement to acquire an 80% interest in a Manganese Property located in the Rondonia, province of Brazil (the "Manganese Property"). The Company paid US\$125,000 (CDN \$155,415) pursuant to the terms of the option agreement and is required to pay an additional US\$575,000 and issue 8,000,000 common shares up to 90 days after a, "GUIA", production permit is obtained on that property (referred to as the Vein claim) . On July 28, 2009 additional ground, called the Jaburi claim, was added to this agreement. The Company can acquire the remaining 20% interest in the Manganese Properties upon payment of US\$20,000,000 at the Company's discretion. The GUIA has not been obtained on the "Vein Claim" as at reporting date. During the quarter ended April 30, 2010, the Company paid taxes for Sao Felipe and had an additional 48 pits dug with the applicable geological support. The Company cannot advise a date when the vendor will obtain the GUIA, the final payment be made and limited production can commence.

The Company has funded exploration and development of manganese mineral deposits in Rondônia, with the intent of generating a positive cash flow from potential direct-shipping mineral products at an early stage. The Company has been actively seeking a partner on this project.

The Company had a work program on its new Dash gold exploration project in British Columbia last year adding to the essence of our new corporate strategy of commodity and geographical diversification Further exploration is being planned for Dash, keeping in mind that B.C. is predicting an even worse forest fire season in 2010 and this may affect Sola's plans.

OPERATIONAL PLANS

Given the directed focus and direction of the Company, Sola hopes to realize on its efforts of the past year. The Company is now focused on the consolidation of its previous efforts and evaluating the results, both mineral and economic. As well, the securing of the Jaburi Manganese property has helped define what the market interest is in completing a base metal project whereby the step out potential is quite strong. This is enhanced by the fact that the Company has continued to complete further exploration and sampling on the Jaburi Property. This should also potentially provide a new focus for the Company's diamond property, Carolina, in Brazil.

We are pleased with what this has shown us and while we continue to wait for the Brazilian Manganese Property owners' acquisition of an Exploration Permit GUIA (on the northern property - Sao Felipe); once this has been obtained the Company will review the viability to exercise this Option.

The Company also intends to attempt a further drill program on the Dash Property this year as well. With a successful season, not affected by nature, we would anticipate an ability to establish the appropriate reporting for this property and then begin to mature this property so as to be able to seek possible partners.

Of particular interest is our new focus in Brazil, this includes the May 25, 2010 announcement of the signing of a Memorandum of Understanding with a Manganese production company known as Rio Madeira Comercio Importacao E Exportacao De Minerios. This is a company that is presently producing 2,000 tons per month of manganese and averaging a grade of 52%. Sola will have the ability to purchase 50% of Rio Madeira and participate in this production. Rio Madeira has in the past produced as much as 4,000 tons per month and is keen to re-establish that production level.

With anticipated partners like Rio Madeira, Sola will be able to secure a profitable future for its involvement in Brazil. The Company will also continue to push forth with its other efforts which will also include further acquisitions of producing assets thereby making financing and corporate operations that much easier.

RISK AND UNCERTAINTIES

Exploration and mining companies face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible.

The principal activity of the Company is mineral exploration, and this is inherently risky. Exploration is also capital intensive and the Company currently has no source of income other than those described in the circular. Only the broadening skills of its management in the mineral exploration and exploration financing serve to mitigate these risks and therefore are one of the main assets of the Company.

APPROVAL

The Audit Committee of the Board of Directors appointed by the Board has reviewed this document pursuant to its mandate and charter. The Board of Directors of Sola Resource Corp. has approved the disclosure contained in the MD&A.

This MD&A is available on the Company's SEDAR site accessed through www.sedar.com

FORWARD LOOKING STATEMENTS

The MD&A contains certain forward-looking statements, except for historical information. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, levels of activity, performance, and/or achievements expressed or implied by these forward looking statements to vary.

Actual results could differ materially from those currently anticipated due to any number of factors, including such variables as new information regarding potential mineral reserves, changes in demand for and commodity prices of manganese, legislative, environmental and other regulatory approval or political changes.

OTHER REQUIREMENTS

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website www.solaresourcecorp.com.