

**SOLA RESOURCE CORP**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Third Quarter Ended October 31, 2009**

This Management Discussion and Analysis (“MD&A”) was prepared on December 24, 2009.

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 interim consolidated financial statements and accompanying notes of the Company for the third quarter ended October 31, 2009. Consequently, the following discussion and analysis of the financial condition and results of operations of Sola should be read in conjunction with the interim consolidated financial statements for the period ended October 31, 2009 as well as the audited consolidated financial statements for the year ended January 31, 2009.

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](http://www.solaresourcecorp.com) or on the SEDAR website at [www.sedar.com](http://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 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 (which have been issued) 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)

### **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 2009 due to the inability of the Company to obtain a permit to explore. The Company expects its option on this property to expire on December 31, 2009.

## 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.

## Manganese Properties, Brazil

On 18 February 2009, the Company 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.

Expenditures related to the Manganese Property for the nine month period ended 31 October 2009 consist of exploration and geological costs of \$ 226,226 (31 October 2008 - \$Nil).

## Dash Claims, British Columbia

On 20 May 2009, the Company announced that it had signed a Letter of Intent (“LOI”) for an option 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.

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 this summer and conducted a small drill program expending some \$315,000. This program was done with two objectives, those being to reduce its flow through tax liability but also to commence an exploration program on a promising gold property. Unfortunately the forest fires in Lillooet and some technical challenges reduced the amount of drilling planned. Further drilling is expected to be conducted in 2010.

## Selected Quarterly Information

	<i>Qtr 3</i> Three Months Ended Oct 31, 2009	<i>Qtr 2</i> Three Months Ended July 31, 2009	<i>Qtr 1</i> Three Months Ended April 30, 2009	<i>Qtr 4</i> Three Months Ended Jan 31, 2009
<i>Cash &amp; Cash Equivalents</i>	\$ 35,835	\$ 110,502	\$ 18,877	\$ 123,835
<i>Working Capital</i>	(2,636,827)	(2,379,038)	(2,778,679)	(2,334,488)
<i>Net Sales</i>	-	-	-	-
<i>Loss before extraordinary items</i>	484,313	418,035	574,975	3,302,945
<i>Net Loss</i>	484,313	418,035	574,975	3,302,945
<i>Loss per share and fully diluted loss per share</i>	(0.004)	(.00)	(.01)	(.04)
<i>Total Assets</i>	154,018	213,516	119,958	212,833
<i>Total Long Term Financial Liabilities</i>	-	-	-	-

	<i>Qtr 3</i> Three Months Ended Oct 31, 2008	<i>Qtr 2</i> Three Months Ended July 31, 2008	<i>Qtr 1</i> Three Months Ended April 30, 2008	<i>Qtr 4</i> Three Months Ended Jan 31, 2008
<i>Cash &amp; Cash Equivalents</i>	\$ 61,944	\$ 264,530	\$ 1,360,659	\$ 230,148
<i>Working Capital</i>	336,010	(1,382,086)	1,100,335	(332,133)
<i>Net Sales</i>	-	-	-	-
<i>Loss before extraordinary items</i>	1,653,628	390,024	1,512,142	(2,335,535)
<i>Net Loss</i>	1,653,628	390,024	1,512,142	(2,335,535)
<i>Loss per share and fully diluted loss per share</i>	(0.02)	(0.004)	(0.02)	0.03
<i>Total Assets</i>	2,634,270	2,201,926	2,037,354	752,957
<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

### Financial Highlights

The Company incurred a net loss of \$484,313 (2008 - \$1,653,628) during the quarter ended October 31, 2009.

The major expenditure in the quarter comprising \$318,815 was the exploration on the Dash gold property near Lillooet, British Columbia. There was some reallocation of the expenses in the quarter from Brazilian diamond properties to the exploration on Manganese. Expenses for mineral properties were \$337,554 whereas 2008 expenditures were \$624,712.

General and Administration expenses reduced by \$882,157 primarily due to:

- the savings of having the new office location in Calgary,
- the reduction in office support services,
- the elimination of project consulting fees,
- reduced office and travel expenses,
- However, the Company is incurring and recording the flow through Part XII.6 tax relating to accrued penalties due to unexpended exploration from the 2008 flow through financing.

### **Liquidity and Capital Resources**

At the end of the quarter, the Company reported working capital deficiency of \$2,636,827, (2008, a working capital of \$336,010) and cash and cash equivalents of \$35,835 (31 October 2008 - \$61,944).

The Company currently does not have credit facilities with financial institutions and does not anticipate that it will not generate revenue from its activities on the manganese property in Brazil until the Guia de Utilização “GUIA” is obtained. The Company is diligently working on plans to bring the optioned manganese mineral properties into production and has been actively working to bring in partners to help develop the property. The Company also conducted an initial exploration program on the Dash gold property in British Columbia this summer.

The Company has a new management team which has effected many operational and organizational changes and has been developing a strong, engaged team. The Company has also made requests of the former operating consulting group of the Brazilian properties for documentation and copies of their billings and will be moving to substantiate any debts with this group.

The Company continues to work with all of its vendors to ensure manageable payment schedules to provide sufficient flexibility to move the business plan forward.

The 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 closed a financing 26 August 2009 for 19,670,800 shares. This financing activity provided cash of \$925,040 during the quarter and the repayment of \$58,500 for debt. There were no warrants or options exercised during the quarter.

### **Related Party Transactions**

During the nine months ended October 31, 2009, the Company paid or accrued management fees of \$NIL (2008-\$70,687) for administrative services to a company controlled by a director of the Company. As well, paid or accrued consulting fees were incurred of \$78,000 (2008 - \$NIL) to a former director of the Company.

On 24 March 2009, the Company issued 200,000 units at a price of \$0.05 per unit for related party debt of \$10,000. 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 31 October 2009, all of the related share purchase warrants in this series remain outstanding.

On 20 May 2009, the Company signed a LOI for an option to purchase 100% of the Dash Claims with FRC, a company controlled by a director and officer of the Company. The TSX approved this transaction on August 24, 2009.

The amounts charged to the Company for the services provided have been determined by negotiation among 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 accrued liabilities 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.

### **Outstanding Share Data**

Authorized capital stock consists of an unlimited number of voting common shares without par value. As of October 31, 2009 there were 141,761,992 common shares issued and outstanding.

Capital stock transactions of the Company for the third quarter of 2010 – October 31, 2009 and the year ended 31 January 2009 were as follows:

- i. On 6 February 2008, the Company issued 25,000 common shares valued at a price of \$0.20 per share upon the exercise of previously outstanding stock options. As at 31 January 2009, no stock options in this series remain outstanding.
- ii. On 26 February 2008, the Company issued 2,400,000 stock options. Each stock option entitles the

holder to purchase a common share at a price of \$0.28 up to 26 February 2011. As at 31 January 2009, 1,900,000 in this series remain outstanding.

- iii. On 3 March 2008 and 25 March 2008, the Company issued 315,000 and 750,000 common shares respectively, valued at a price of \$0.20 per share upon exercise of previously 1,065,000 outstanding agent compensation warrants. During the year ended 31 January 2009, a total of 10,000 agent compensation warrants in this series was granted as consideration for payment for services rendered by a private placement agent. As at 31 January 2009, no agent compensation warrants in this series remain outstanding.
- iv. On 7 March 2008, the Company issued 133,334 common shares valued at a price of \$0.15 per share upon the exercise of previously outstanding stock options. As at 31 January 2009, no stock options in this series remain outstanding.
- v. On 25 March 2008, the Company issued 20,000 common shares valued at a price of \$0.40 per share upon exercise of previously outstanding share purchase (40,000 share purchase warrants). As at 31 January 2009, 10,484,000 share purchase warrants in this series remain outstanding.
- vi. On 24 March 2008, the Company issued 1,650,000 units at a price of \$0.30 per unit. Each unit consists of one common share and one share purchase warrant. Two share purchase warrants entitle the holder to purchase an additional common share at a price of \$0.50 up to 25 September 2009. As at 31 January 2009, all of the related share purchase warrants in this series remain outstanding.
- vii. On 14 April 2008, the Company issued 3,463,330 units at a price of \$0.30 per unit. Each unit consists of one flow-through common share and one-half non flow-through share purchase warrant. Each whole share purchase warrant entitles the holder to purchase an additional common share at a price of \$0.50 up to 15 October 2009. As at 31 January 2009, all of the related share purchase warrants in this series remain outstanding.
- viii. On 18 April 2008, the Company issued 266,667 stock options. Each stock option entitles the holder to purchase a common share at a price of \$0.30 up to 18 April 2009. As at 31 January 2009, all stock options in this series remain outstanding.
- ix. On 23 May 2008, the Company issued 114,286 units at a price of \$0.30 per unit as consideration for payment for services rendered by a private placement agent. Each unit consists of one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase an additional common share at a price of \$0.50 up to 15 October 2009. As at 31 January 2009, all of the related agent compensation warrants in this series remains outstanding.
- x. On 26 May 2008, the Company issued 3,138,000 units at a price of \$0.25 per unit. Each unit consists of one common share and one-half share purchase warrant. Each whole purchase warrant entitles the holder to purchase an additional common share at a price of \$0.50 up to 26 November 2009. As at 31 January 2009, all of the related share purchase warrants in this series remain outstanding.
- xi. On 26 May 2008, the Company issued 216,160 units at a price of \$0.25 per unit as consideration for payment for services rendered by a private placement agent. Each unit consists of one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase and additional common share at a price of \$0.50 up to 26 November 2009. As at 31 January 2009, all of the related share purchase warrants in this series remain outstanding.
- xii. On 8 September 2008, the Company issued 3,776,666 units at a price of \$0.15 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase an additional common share at a price of \$0.30 up to 8 September

2009. As at 31 January 2009, all of the related share purchase warrants in this series remain outstanding.

- xiii. On 8 September 2008, the Company issued 190,867 units at a price of \$0.15 per unit as consideration for payment for services rendered by a private placement agent. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase an additional common share at a price of \$0.30 up to 8 September 2009. As at 31 January 2009, all of the related agent compensation warrants in this series remains outstanding.
- xiv. On 8 September 2008, the Company issued 40,000 warrants as consideration for payment for services rendered by a private placement agent. Each agent compensation warrant entitles the holder to purchase an additional common share at a price of \$0.25 up to 8 March 2010. As at 31 January 2009, all of the related agent compensation warrants in this series remains outstanding.
- xv. On 17 October 2008, the Company issued 3,550,000 stock options. Each stock option entitles the holder to purchase a common share at a price of \$0.10 up to 17 October 2010. As at 31 January 2009, all stock options in this series remain outstanding.
- xvi. During the year ended 31 January 2009, 821,000 share purchase warrants with an exercise price of \$0.90 expired.
- xvii. During the year ended 31 January 2009, 8,514,285 share purchase warrants with an exercise price of \$0.50 expired.
- xviii. During the year ended 31 January 2009, 26,000 agent compensation warrants with an exercise price of \$0.90 expired.
- xix. During the year ended 31 January 2009, 235,120 agent compensation warrants with an exercise price of \$0.40 expired.
- xx. During the year ended 31 January 2009, 112,200 agent compensation warrants with an exercise price of \$0.50 expired.

Quarter ended 31 October 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 31 October 2009, all of the related share purchase warrants in this series remain outstanding.
- v. On 24 March 2009, the Company issued 908,700 units for debt 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 31 October 2009, all 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 \$.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 \$.15 up to 24 March 2010. As at 31 October 2009, all 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 \$.40 per common share expired.
- viii. On 5 April 2009, a total of 514,400 agent compensation warrants exercisable at a price of \$.25 per common share expired.
- ix. On 18 April 2009, a total of 266,667 stock options exercisable at a price of \$.30 per common share expired.
- x. On 26 August 2009, the Company issued 1,288,756 units for services rendered by private placement agents. 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 \$.15 up to 26 August 2010. As of 31 October 2009, all of the related share purchase warrants in this series remain outstanding.
- xi. On 26 August 2009, the Company issued 1,170,000 units at a price of \$.05 per unit to settle debt of the Company in the amount of \$58,500. 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 \$.15 up to 26 August 2011. As of 31 October 2009, all of the related share purchase warrants in this series remain outstanding.
- xii. On 26 August 2009, the Company issued 18,500,800 units at a price of \$.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 \$.15 up to 26 August 2011. As of 31 October 2009, all of the related share purchase warrants in this series remain outstanding.
- xiii. On 8 September 2009, a total of 190,867 agent compensation warrants exercisable at a price of \$.30 per common share expired.
- xiv. On 8 September 2009, a total of 3,776,666 share purchase warrants exercisable at a price of \$.30 per common share expired.
- xv. On 15 September 2009, a total of 2,000,000 stock options exercisable at a price of \$.50 per common share expired.
- xvi. On 25 September 2009, a total of 1,650,000 share purchase warrants exercisable at a price of \$.50 per common share expired.
- xvii. On 21 September 2009, the Company issued 3,500,000 stock options. Each stock option entitles the holder to purchase a common share at a price of \$.10 up to 18 September 2014. As at 31 October 2009, all stock options in this series remain outstanding.
- xviii. On 15 October 2009, a total of 57,143 agent compensation warrants exercisable at a price of \$.50 per common share expired.

- xix. On 15 October 2009, a total of 1,731,665 share purchase warrants exercisable at a price of \$0.50 per common share expired.

### Stock options

The following is a summary of stock option activities during the nine month periods ended October 31, 2009 and 2008.

	<b>Number of options</b>	<b>Weighted average exercise price \$</b>
Outstanding and exercisable at 1 February 2008	5,625,000	0.31
Granted	6,216,667	0.26
Exercised	(158,334)	0.16
Expired	<u>(1,966,666)</u>	0.15
Outstanding and exercisable at 31 October 2008	<u>9,716,667</u>	<u>.036</u>
Weighted average fair value of options granted during the period		<u>0.10040</u>
Outstanding and exercisable at 1 February 2009	9,716,667	0.26
Granted	3,500,000	0.10
Exercised	-	-
Expired	(2,266,667)	0.47
Cancelled	<u>(2,775,000)</u>	0.21
Outstanding and exercisable at 31 October 2009	<u>8,175,000</u>	<u>0.15</u>
Weighted average fair value of options granted during the period		<u>0.3571</u>

## Warrants

The following is a summary of warrant activities for the quarters ended 31 October 2008 and 31 October 2009:

	<b>Number of Warrants</b>	<b>Weighted average exercise price \$</b>
Outstanding and exercisable at 1 February 2008	24,953,862	0.19
Granted	9,133,421	0.21
Exercised	(1,105,000)	0.10
Expired	<u>(959,200)</u>	0.43
Outstanding and exercisable at 31 October 2008	<u>32,023,083</u>	<u>0.22</u>
Weighted average fair value of warrants granted during the period		<u>0.05986</u>
Outstanding and exercisable at 1 February 2009	23,273,678	0.41
Granted	42,260,947	0.15
Exercised	-	
Expired	<u>(21,556,598)</u>	0.41
Outstanding and exercisable at 31 October 2009	<u>43,978,027</u>	<u>0.16</u>
Weighted average fair value of warrants granted during the period		<u>0.03612</u>

## Activity During the Quarter

1. On August 23, the Company published the Technical Report on the Dash Gold Property in British Columbia. This report has a last revised date as at August 17, 2009 and is authored by Don MacIntyre, Ph.D., P. Eng.
2. On August 24, 2009 the Non Brokered Private Placement (the "Offering"), previously announced by way of news releases dated April 17, May 12, June 11 and July 9, 2009 was closed. The Offering comprised of 20,080,800 Units, for a total amount of CDN \$1,004,040 in its capital. Each Unit was priced at \$0.05 and comprises of one common share with a hold period to December 24, 2009 and one nontransferable share purchase warrant (the "Warrant" or "Warrants"). Each one Warrant will entitle the holder to purchase one additional common share of the Company at an exercise price of CDN\$0.15 until August 24, 2011, a period of 24 months from the date of issuance of the Units. The Company paid a finder's fee(s) to two finders in accordance with the policies of the TSX Venture Exchange. The Company will use the proceeds of the Offering for the exploration and development of its mineral resource properties in Canada and Brazil, as well as for working capital and general corporate purposes.

3. On August 24, 2009 the TSX Venture Exchange accepted the Option Agreement, to purchase the Dash property located 105 kilometers northwest of Lillooet, British Columbia, Canada. The property has gold potential.
4. On 8 September 2009, a total of 3,776,666 share purchase warrants exercisable at a price of \$0.30 per share expired.
5. On 8 September 2009, a total of 190,867 agent compensation warrants exercisable at a price of \$0.30 per share expired.
6. On 15 September 2009, a total of 2,000,000 stock options exercisable at a price of \$0.50 per share expired.
7. On 23 September 2009 the Company announced exploration and drill results from its Dash gold property in B.C. This property is optioned from Fundamental Resource Corporation (FRC) which will retain a 2% NSR and if the option is completed Sola will have earned a 100% ownership position. The Company also announced that on the basis of the preliminary results of its preliminary 2009 drill program. The Company announced that it had increased the land position around the original Dash property, in conjunction with FRC, from 3,561 hectares to 5,809 hectares to cover new prospective targets for further exploration.
8. On 23 September 2009 the Company also announced with regret, the resignation of Dr. Roger Morton, as President and a director of the Company due to ill health. The position of President will remain vacant until a replacement can be found and appointed by the Board. It was, also with regret, that Mr. Jody Dahrouge has resigned as a director of the Company.
9. On 25 September 2009, a total of 1,650,000 share purchase warrants exercisable at a price of \$0.50 per share expired.
10. On 20 October 2009 the Company announced additional assay results from their summer drill program at the Dash gold property near Lillooet, British Columbia.

### **Subsequent Events**

The following events occurred after the October 31, 2009 quarter end:

1. On 24 November 2009, a total of 108,080 agent compensation warrants exercisable at a price of \$0.50 per share expired.
2. On 24 November 2009, a total of 1,569,000 share purchase warrants exercisable at a price of \$0.50 per share expired.
3. On 11 December, 2009, the Company announced the appointment of Mr. Andrew Male as CFO.

### **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 CFO 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 President 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 Company's new CEO and recently installed President (Acting CFO) have assessed the design of its internal controls over financial reporting as at October 31, 2009 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.

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

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. As such, the Company 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 retains external auditors to review the Company's interim (Quarterly) consolidated Financial Statements and to prepare and review with the Company its Audited Financial Statements. The combination of this external control, in concert with the internal measures discussed, provides, in management's opinion additional check and balances.

## **STRATEGIES FOR 2009-2010**

At present, and during the coming financial year, the Company will strive to succeed with further financing opportunities. This will facilitate its plans for various aspects of its enhanced mineral property portfolio during this period of global economic recession. Considering the current reluctance of investors to show interest in projects involved in diamond exploration/development, the Company has determined that the primary focus must be upon projects which either generate early cash-flow or which focus upon commodities such as gold, which have better current investment appeal. Nevertheless, the Company will continue to seek alternative financing opportunities, including Joint Venture partners, to sustain its reduced efforts in the field of international diamond exploration. The Company is also actively reducing its claim holdings in Brazil and consolidating its priority target claims to reduce costs and to formulate plans for continuing operations in Rondônia. A National Instrument 43-101 compliant technical report, giving a summary of the diamond exploration achievements of the Company in Brazil, was recently released by the Company on the SEDAR website ([www.sedar.com](http://www.sedar.com)) under the title "Technical Report on Sola Resource Corporation's 2007-2008 Exploration/Development Activities including Carolina Project, Southeast Rondônia State, Brazil".

The Company is thus pushing ahead with further 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 is also planning work on its Canadian mineral exploration ventures, predominantly the new Dash gold exploration project in British Columbia, thus adding to the essence of our new corporate strategy of commodity- and geographical-diversification. During this past summer, an exploration and drill crew mobilized on the Dash gold property and has reported in news releases preliminary assay results. An updated NI 43-101 was produced. Unfortunately, the forest fire and other technical problems reduced the Company's ability to complete the amount of exploration originally planned.

## **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](http://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](http://www.sedar.com) and on the Company's website [www.solaresourcecorp.com](http://www.solaresourcecorp.com).