

RX Exploration Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS Twelve month Period Ending June 30, 2007 and June 30, 2006

1.1 Date

This MD&A refers to material information regarding the financial year of RX Exploration Inc. (hereinafter called the "Company" or "RX") ended June 30, 2007 and was prepared on October 29, 2007.

1.2 Overall Performance

Description of Business

The Company is engaged in mineral exploration in northern Ontario and Montana. At this time the Company does not own or operate any revenue producing mineral properties and, accordingly, does not have any cash flow from operations. The Company raises funds for exploration and general overhead and other expenses through the issuance of shares from treasury.

The Company intends to continue raising funds for future exploration and on-going overhead and other working capital expenses through the continued issuance of shares from treasury. In general, based on the current circumstances, management of the Company believes that there will be sufficient interest from participants in the capital markets and other mineral exploration and mining companies willing to fund exploration programs to continue to meet the Company's ongoing overhead and exploration expenses.

The following information, prepared as at June 30, 2007, should be read in conjunction with the audited financial statements for the year ended June 30, 2007 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles.

Veekay Lake Mining Claims

On October 25, 2005, the Company entered into an option agreement dated October 21, 2005 with Wabassi River Resources Inc. ("Wabassi"), an arm's length company, to acquire an undivided 50% interest in eight (8) unpatented mining claims (totalling 108 claim units) in the Thunder Bay Mining Division, in the Province of Ontario (the "Claims").

In order to maintain the option in good standing, the Company paid Wabassi the sum of \$5,500 and is required to incur first year mining expenditures of not less than \$150,000 (of which it has expended \$99,500 to date), incur further mining expenditures of not less than \$200,000. Thereafter, the Company may elect to earn its 50% interest by paying Wabassi the sum of \$150,000 and incurring further mining expenditures of not less than \$1,150,000. In

the alternative, the Company may elect to convert its interest to 10% of the shares of a new company to be created to explore and develop the Claims.

The Claims are subject to a royalty interest equal to a two percent (2%) net smelter return (“NSR”) royalty. The Company may, at any time, repurchase a one percent (1%) NSR for the purchase price of \$1,500,000.

The Company is prepared to commence exploration on the Veekay Lake Project. In order to accomplish its business objectives, which are to acquire, explore and develop prospective natural resource properties, the Company commissioned a program of line-cutting in preparation for an IP survey on the Veekay Lake Project. As at June 30, 2007, the Company has paid \$5,500 due on signing and incurred \$99,500 of exploration expenditures. The expenditures incurred in the current year related to the mining claims surrounding the First Nations land. The Company has not been able to meet its requirements under this arrangement as access to the land claims and Zulapa interest have not yet been granted by the First Nations band however, the Company will continue to proceed with this exploration once permission has been granted. In the meantime, assessment work requirements have been held in abeyance.

The Company commissioned a technical report in accordance with the standards set out in National Instrument 43-101. The report is published and filed on SEDAR website at www.sedar.com.

Montana Mining Claims

The Company entered into an agreement with private arm’s length owners to option from them 100% of their interest in patented mining claims (the “Hard Rock Claims”) situated in Lewis and Clark County in the State of Montana consisting of 23 claims comprising approximately 200 – 300 acres (3 of the claims consist of less than 100% interest). The claims include the inactive past producing Drumlummon Gold and Silver Mine.

In order to maintain the Drumlummon option in good standing, the Company has paid the sum of US\$145,000 to date to the Optionors. The Company must pay a further US\$1,090,000 payable US\$130,000 into escrow as noted hereinafter and the balance in four equal annual payments of US\$240,000. The Company has determined that, in order to obtain clear and insurable title to the Drumlummon Claims, it is required to file a quiet title action as to certain entities and parties, as specified in a title commitment issued to the Optionors and the Company also needs to examine documents to assure access to the Drumlummon Claims. The Company and the Optionors have agreed that the US\$130,000 payment due to the Optionors may and shall be placed in escrow with First Montana Title Company and shall be released to the Optionors upon securing a final, non-appealable judicial order quieting title to the Drumlummon Claims and reasonable assurance, from county documents of record of right of access to and from the Drumlummon Claims. The Company has retained Montana legal counsel to handle these title matters which are expected to be completed in approximately two months time.

As additional consideration, the Company has paid to the Optionors 200,000 common shares in the capital of the Issuer with a one year hold period expiring May 18, 2008. A two percent

(2%) Net Smelter Return (“NSR”) royalty on the Drumlummon Claims has been reserved to the Optionors.

The Company has staked a further 68 claims adjacent to the Drumlummon Claims.

The Company commissioned a technical report in accordance with the standards set out in National Instrument 43-101. The report was prepared by Timothy J. Beesley, P.Eng., of T.J. Beesley Geological Services Inc., a “qualified person” within the meaning of National Instrument 43-101. The report ties together mining and geological data from the last 134 years to recent drilling carried out for the Issuer and draws conclusions and makes recommendations to allow the Company to proceed with exploration and development of the Drumlummon Property. The technical report was published and filed on SEDAR website at www.sedar.com and CNQ website at www.cnq.ca, and a news release dated September 5, 2007 was disseminated through Marketwire, a copy of which was filed on SEDAR website at www.sedar.com. The news release contains excerpts of the highlights of the report.

Tudhope-Bryce Townships Mining Claims (Ontario)

The Company entered into an agreement with Gold Bay Exploration Inc. (“Gold Bay”) to option from them an undivided 50% interest. Gold Bay holds an option on the properties which consist of 44 mineral claims containing 110 claim units or 1,760 hectares. Magnetic and Spectral/IP Resistivity surveys were carried out over a grid consisting of 255 line km in the Honeymoon Lake and Heather Lake areas of the property in 2006, to follow up results of previous surface stripping and sampling for gold. Along the Honeymoon Lake Shear Zone results from the Spectral IP/Resistivity survey outlined two weak to moderate IP chargeability anomalies on Line 800E and 600E. The magnetic survey indicated a younger, non-foliated intrusive which intersected the Honeymoon Lake Shear Zone. Two diamond drill holes, on Lines 800E and 600E, tested the IP chargeability anomalies, and a third tested the younger intrusive, for a total of 567 metres.

Best results from DDH BRY- 1 on 800E were 8.3 g/T gold and 0.235% copper/0.08m, in a grey quartz vein, followed immediately by a light green sericite schist with 30% quartz, 5% sulphides and <1% chrome mica carrying 0.8g/T gold and 0.075% copper/0.45 m. Best results from DDH BRY-2 on 600E were 4.4 g/T gold and 0.365 % copper/0.25 m, and 20 m downhole 4.6 g/T gold and 0.093% copper/0.34 m. Both of these intersections occurred in dark altered tuff near the contact with agglomerate, and consisted of quartz-sericite schist containing 3-5% pyrite and <1% chalcopyrite. No exploration had been carried out west of Line 700E on the Honeymoon Lake Shear Zone, and these results indicate gold mineralization on the structure is open to the west. The younger magnetically indicated intrusive was not intersected.

The Company is in default of the option payment requirements under its option agreements. Management of the Company is evaluating with its technical and financial advisors the results of the drilling programs on the Tudhope and Bryce Township properties which were announced in its news release dated April 4, 2007 but has yet to determine its future plans. As a result management has expensed the deferred costs.

1.3 Selected Annual Information

| Financial Year End (Jun 30) | Total Revenue | Income or (loss) before discontinued operations & extraordinary items \$ | Net income or (loss) per share Basic & diluted \$ | Total Assets \$ | Long-term Liabilities | Cash Dividends declared per share |
|--------------------------------|---------------|---|--|--------------------|-----------------------|-----------------------------------|
| 2007 | Nil | (224,579) | (0.015) | 466,108 | Nil | Nil |
| 2006 | Nil | (149,496) | (0.069) | 160,261 | Nil | Nil |
| 2005 | Nil | (27,226) | (0.018) | 31 | Nil | Nil |
| 2004 | Nil | (9,220) | (0.011) | Nil | Nil | Nil |
| 2003 | Nil | (36,218) | (0.002) | 16,983 | Nil | Nil |
| 2002 | Nil | (35,060) | (0.05) | 100 | Nil | Nil |

1.4 Results of Operations

The Company has no sales and has never earned revenues with the exception of non material interest revenue. Raising capital through sales of its common shares funds the Company's mining exploration operations.

Twelve months ended June 30, 2007 Compared to Twelve Months Ended June 30, 2006

Total expenses for the twelve months ended June 30, 2007 amounted to \$278,729 compared to \$149,496 for the twelve months ended June 30, 2006.

The Company incurred a loss of \$224,579 for the 12 months ended June 30, 2007 as opposed to a loss of \$149,496 for the 12 months ended June 30, 2006. The expenses consist of office and general expenses of \$49,792, professional fees of \$25,337 consistent with its refinancing and restructuring efforts to enable the Company to become an active publicly traded mineral exploration company, stock-based compensation of \$3,000 and write-down of deferred exploration expenditures (see Section 1.2 related to Veekay Lake Mining Claims).

During the twelve months ended June 30, 2007 the Company sustained a loss of \$0.015 per share compared to a loss of \$0.069 for the twelve months ended June 30, 2006.

1.5 Summary of Quarterly Results to June 30, 2007

| Description | Jun 30/07 \$ | Mar 31/07 \$ | Dec 31/06 \$ | Sep 30/06 \$ | June 30/06 \$ | Mar 31/06 \$ | Dec 31/05 \$ | Sept 30/05 \$ |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|
| Sales/Revenue | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Income/(Loss) | (228,287) | 29,498 | (20,104) | (5,686) | (123,114) | (11,491) | (14,871) | (20) |
| Net Income/(Loss) per Share - Basic and Diluted | (0.015) | (0.0017) | (0.002) | (0.0005) | (0.03) | (0.001) | (0.001) | (0.000) |

The net loss as at the end of the quarter ended June 30, 2007 was \$228,287 or a \$0.015 loss per share, basic and diluted. This consisted of operating expenses of \$27,685 and write down of deferred exploration expenditures of \$200,600.

Total assets as at the end of the quarter ended June 30, 2007 were \$466,108 and consisted of cash of \$43,847, mining claims and deferred exploration costs of \$422,261.

The Company has no long term financial liabilities and no cash dividends per share.

No salaries or management fees were paid to any directors or officers during the financial year ended June 30, 2007 including the quarter ended June 30, 2007.

In the quarter ended June 30, 2007, the Company issued a total of 74,999 common shares and 200,000 common shares to the optionors pursuant to the option agreements with respect to the Tudhope-Bryce Mining Claims and Montana Mining Claims, respectively.

As at June 30, 2007 there were 17,968,115 shares (\$2,086,920) issued and outstanding.

Subsequent to the quarter ended June 30, 2007, the Company completed in July 31, 2007 a private placement of a total of 5,065,560 common shares of the Company at a price of \$0.10 per share totaling \$506,556 which includes debt conversion of \$181,556. The Company has agreed with John F. O'Donnell to convert accrued liability in the amount of \$181,556 into equity by payment of 1,815,560 common shares of the Issuer at a price of \$0.10 per share.

1.6 Liquidity and Capital Resources

As at June 30, 2007 the Company had net cash of \$43,847.

As at June 30, 2007 the Company had no contractual commitments or lease agreements other than as disclosed herein.

1.7 Capital Resources

The only resources available to the Company to raise exploration funds are the equity markets and joint venture arrangements with other mineral resource companies.

The Company is not in default of its obligations on its properties at this time with the exception of the Tudhope-Bryce Townships Mining Claims (Ontario) as noted above.

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

1.9 Transactions with Related Parties

Office and general expenses include \$9,300 (2006 - \$9,500) in payments as expense reimbursements to a corporation with a shareholder who was a director of a company. Included in professional fees are \$4,888 (2006 - \$93,225) of fees paid to a significant shareholder who is counsel to the Company.

1.10 Fourth Quarter ended June 30, 2007

In the fourth quarter ended June 30, 2007 there were no material events or items that affected the Company's financial condition, cash flows or results of operations, including extraordinary items, year-end adjustments other than disclosed herein and there were no dispositions of business segments.

1.11 Proposed transactions

There are no proposed transactions other than described herein.

1.12 Critical Accounting Estimates

This item is not applicable.

1.13 Changes in Accounting Policies including Initial Adoption

There have been no changes in the Company's accounting policies.

1.14 Financial Instruments and Other Instruments

The Company does not make use of financial or other instruments.

1.15 Controls and Procedures

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures, for the nature and size of the entity, are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that these controls and procedures are effective, for the nature and size of the entity, in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

1.16 Change in Accounting Policy

Effective July 1, 2006, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861 Financial Instruments – Disclosure and Presentation and Section 3865, Hedges. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting.

Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of these five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet either at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption. All changes in their fair value are recorded in income

unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

As a result of the adoption of these new standards, the Company has classified its cash and cash equivalents as held-for-trading. Accounts payable and accrued liabilities are classified as other liabilities, all of which are measured at amortized cost.

The adoption of these new standards had no impact on the Company's financial position as at June 30, 2007.

1.17 Other MD&A Requirements

During the year ended June 30, 2007, and the subsequent period to date, management of the Company focused its efforts, along with its joint venture partner, on the exploration of its Claims as described above. Subject to management's continuing ability to raise equity capital, the Company expects to conduct further exploration programs on the Claims.

Share Data: 23,033,675 issued at October 29, 2007. Additional information relating to the Company is available on SEDAR @ www.sedar.com.