

**PUGET VENTURES INC.**  
**Management Discussion and Analysis**  
**for the Financial Year ended April 30, 2008**

**THE FOLLOWING INFORMATION, PREPARED AS OF July 31, 2008, SHOULD BE READ IN CONJUNCTION WITH THE AUDITED FINANCIAL STATEMENTS OF PUGET VENTURES INC. FOR THE YEAR ENDED APRIL 30, 2008, WHICH FORM AN INTEGRAL PART OF THIS MANAGEMENT DISCUSSION AND ANALYSIS AND ARE HEREBY INCLUDED BY REFERENCE. THE FINANCIAL STATEMENTS ARE PREPARED IN ACCORDANCE WITH CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.**

***Forward Looking Statements***

*Certain statements contained in this Management Discussion & Analysis constitute forward-looking statements. These forward-looking statements can generally be identified as such because of the context of the statements, including the usage of such words as "believes," "anticipates," "expects," "plans," "may," "estimates," or words of a similar nature. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Puget Ventures Inc. to be materially different from anticipated future results and/or achievements expressed or implied by such forward-looking statements, which speak only as of the date the statements were made. Readers are therefore advised to consider the risks associated with any such forward-looking statements. Readers are cautioned not to place undue reliance on the forward-looking statements in light of the risks set forth herein.*

***Overall Performance***

Puget Ventures Inc. ("Puget Ventures" or the "Company") was incorporated in the Province of British Columbia on March 9, 2007 under the *Business Corporations Act* of British Columbia.

On October 31, 2007, Puget completed its initial public offering of 2,500,000 common shares for aggregate gross proceeds of \$250,000 (the "Initial Public Offering"), and concurrently had its common shares listed for trading on the Exchange as a "capital pool company" pursuant to TSX Venture Exchange (the "Exchange") Policy 2.4. The purpose of the IPO was to provide Puget with funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction under Exchange Policy 2.4.

Puget Ventures' principal business as a CPC was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction under the CPC Policy. Until the completion of a Qualifying Transaction, the Company did not carry on any business other than the identification and evaluation of assets or businesses in connection with a potential Qualifying Transaction. As of April 30, 2008, Puget Ventures Inc. had not yet completed the Qualifying Transaction.

**Qualifying Transaction**

Effective May 15, 2008, Puget completed its Qualifying Transaction, acquiring an option to earn up to a 60-per-cent undivided interest in the Trout Bay base metal property (the "Trout Bay

Option") from Goldcorp/Red Lake Gold Mines. Upon completion of this transaction the Exchange reclassified the Company as a Tier 2 listed company under the trading symbol "PVS," in the category of junior mining issuers. Further information regarding Puget's qualifying transaction can be found in its filing statement dated May 1, 2008, available online at [www.sedar.com](http://www.sedar.com).

The Trout Bay interests (the "Trout Bay Property") are located approximately 26km west of Red Lake, Ontario, and consist of 13 contiguous mining claims, 36 contiguous mining-rights-only leases, and 18 mining licenses of occupation, covering approximately 4049.622 hectares.

Pursuant to an assignment agreement dated December 18, 2007 between Puget and West Timmins Mining Inc. ("West Timmins"), Puget acquired West Timmins' interest in and to the Trout Bay Option for consideration of 285,000 common shares in the capital of the Corporation, and by making a cash payment of \$145,500.44, representing a reimbursement of expenditures made by West Timmins in relation to the Trout Bay Property. The Common Shares will be issued at a deemed price of CAD \$0.60 per share representing a deemed acquisition value of \$171,000.00. In addition, pursuant to a novation agreement dated December 17, 2007 among Puget, West Timmins and Red Lake Gold Mines partnership (by its partners Goldcorp Inc. and Goldcorp Canada Ltd.), Puget paid an amount of \$10,000 to Red Lake Gold Mines.

Pursuant to the terms of the agreement underlying the Trout Bay Option, as amended by said novation agreement, Puget is entitled to earn a 60% undivided ownership interest in the Trout Bay Property by completing aggregate exploration of \$4,854,499.60, on or before November 30, 2012 with the following schedule:

- Approximately \$ 604,499 on or before November 30, 2008
- An additional \$ 750,000 on or before November 30, 2009
- An additional \$1,000,000 on or before November 30, 2010
- An additional \$1,000,000 on or before November 30, 2011
- An additional \$1,500,000 on or before November 30, 2012

Puget Ventures Inc. will be operator of the properties during the option period. Upon the exercise of the Option, Puget will enter into a joint venture agreement with Red Lake Gold Mines Partnership ("Red Lake"). Pursuant to such joint venture agreement, Red Lake will have a back-in right to increase its undivided 40% interest in and to the Trout Lake Property to an undivided 70% interest by paying Puget \$10 million within 90 days of Puget's exercise of the Trout Bay Option. If Red Lake chooses not to exercise said back-in right, Puget will issue an additional 100,000 common shares to Red Lake.

Concurrently with the completion of the Qualifying Transaction, Puget completed a brokered private placement (the "Private Placement") of 1,500,000 flow-through shares (the "FT Shares") at a price of \$0.50 per FT Share and 1,500,000 units at a price of \$0.50 per Unit, for gross proceeds of \$1,500,000. Each Unit consists of one non-flow through common shares (a

"Share") and one-half of one common share purchase warrant (a "Warrant"), each whole Warrant exercisable at a price of \$0.75 per Share for a period of 18 months from the date of issuance.

Canaccord Capital Corporation acted as agent for the Private Placement and received a commission equal to 8% of the gross proceeds of the offering, together with agent's warrants (the "Agent's Warrants") to acquire that number of Shares that is equal to 8% of the number of Units sold under the Private Placement. Each Agent's Warrant entitles the holder to purchase one Share at a purchase price of \$0.75 per Share exercisable for a period of 18 months from the date of issuance. The Agent also received a corporate finance fee payable in Units.

### Trend Analysis

The business of the Company entails significant risks. Any analysis of the trend of the company's activities would reveal this. And there is nothing to suggest that these trends will change.

The Company's sole activity is its search for a viable, economic mineral resource. Exploring for such a resource is inherently risky. There is no assurance that a resource will be located and/or if it is located it can be produced on a commercially viable basis.

### **Selected Financial Data [Annual]**

(Expressed in **Canadian** Dollars)

	Year Ended April 30, 2008	Initial 52-Day Period Ended April 30, 2007
Net Operating Revenues	\$ <b>0</b>	0
Net (loss)	\$ <b>(174,585)</b>	(13,637)
(Loss) per share	\$ <b>(0.15)</b>	(0.00)
Share capital per Canadian GAAP	\$ <b>301,242</b>	112,000
Common shares issued	<b>5,730,000</b>	2,240,000
Weighted average shares outstanding per Canadian GAAP	<b>1,183,497</b>	0
Total Assets	\$ <b>222,340</b>	110,153
Net Assets (liabilities)	\$ <b>159,015</b>	98,363
Cash Dividends Declared per Common Shares	\$ <b>0</b>	0
Exchange Rates (Cdn\$ to U.S.\$) Period Average	\$ <b>0.9794</b>	0.8686

## **Projects Overview**

Puget was granted an option to earn a 60% interest in the Trout Bay property from Goldcorp. Additionally, in July 2008 the Company announced that it had entered into an agreement to acquire a 100-per-cent interest in the Werner Lake Mineral Belt properties.

### *Trout Bay Property*

The Trout Bay Property covers approximately 4,049.622 hectares in the Red Lake greenstone belt of north western Ontario. The Trout Bay Property hosts extensive zones of nickel-PGE mineralization and two zones of zinc-copper massive sulphide mineralization.

Subsequent to the year ended April 30, 2008, Puget began a 2,000 metre drill program on the property on June 15, 2008 and expects results of the drill program to be issued in September 2008. The drilling contractor was Layne Christiansen of Sudbury, Ontario.

The nickel-PGE mineralization on the property occurs as disseminated to semi-massive sulphide mineralization in iron formation and volcanic rocks located at or near the basal contact of an extensive, tightly folded gabbro-pyroxenite sill complex. Mineralized widths range from 0.5 to 15.0 metres. The No. 2 Nickel Zone has been traced along strike for 550 metres and the host contact for 2,100 metres. Drilling to date has traced the mineralization to a vertical depth of 140 metres.

A geological report entitled "Independent Technical Report, Trout Bay Property, Red Lake, Ontario" (the "Technical Report") was filed on January 31, 2008 with respect to the Qualifying Property, and is available online at [www.sedar.com](http://www.sedar.com). The Technical Report has been prepared in compliance with the provisions of National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). The author of the Technical Report is Joerg Kleinboeck, P.Geo, who is an "independent qualified person" as defined in NI 43-101.

## **Results of Operations**

During the year ended April 30, 2008, the Company has incurred expenses of \$174,585.00. The bulk of the expenses were related to completion of the Company's Qualifying Transaction and the Initial Public Offering. Significant expenses were incurred or accrued related to the Private Placement and a non-brokered private placement financing.

The Company will use its available resources to pursue its operations in regards to the Trout Bay Property and for other properties, should additional acquisitions be completed (including but not limited to the completion of those transactions described under the heading "Proposed Transactions"). For a further description as to the Company's work program in relation to the Trout Bay Property, please see the Company's technical report dated January 31, 2008, available online at [www.sedar.com](http://www.sedar.com).

## **Fluctuations in Results**

Comparison to the prior period is difficult since the prior period only reports the work required to complete the Qualifying Transaction.

## **Liquidity and Capital Resources**

The Company is a mining exploration and development company with no producing resource properties, and consequently does not generate operating income or cash flow. To date, the Company has relied primarily upon the sale of equity securities to provide working capital for capital acquisitions, exploration and development activities, and to fund the administration of the Company. Since the Company does not expect to generate any revenues in the near future, it will continue to rely primarily upon equity and debt financing to raise capital. There can be no assurance that financing will be available to the Company when required, or on terms satisfactory to the Company.

As described above, the Company raised aggregate gross proceeds of \$250,000 and aggregate net proceeds after all share issue costs of \$202,767 under its Initial Public Offering. Concurrent with its Qualifying Transaction, the Company completed the Private Placement for aggregate gross proceeds of \$1.5 million and aggregate net proceeds of \$1.36 million.

As at April 30, 2008 and April 30, 2007, the Company had accumulated losses totalling \$188,222.00. The Company had working capital of \$149,015.00 as at April, 30 2008 compared with \$97,096.00 at the April 30, 2007 year-end. As at April 30, 2008 the Company had cash and equivalents on hand of \$183,853.00.

## Selected Financial Information

Quarter Ended	4/30/2008	1/31/2008	10/31/2007	7/31/2007	Fiscal year Ended April 30, 2007
Interest Income	\$ 1,278	1,847	339	0	0
Legal and Accounting	42,371	22,880	4,086	4,726	11,513
Office and General	11,005	9,725	14,119	4,602	2,124
Regulatory Fees	5,000	11,987	3,582	0	0
Stock-compensation	24,352	8,118	0	0	0
Other	9,486	924	1,086	0	0
<b>Operating Costs</b>	<b>\$ (92,214)</b>	<b>(53,634)</b>	<b>(22,873)</b>	<b>(9,328)</b>	<b>( 13,637)</b>
Net (loss)	\$ (90,936)	(51,787)	(22,534)	(9,328)	(13,637)
Income (loss) per share	\$ (0.08)	( 0.09)	(0.00)	(0.00)	(0.00)
Share capital GAAP	\$ 301,242	301,242	301,242	146,850	112,000
Common shares issued	5,730,000	5,730,000	5,730,000	2,937,000	2,240,000
Weighted average shares outstanding per Canadian GAAP	1,183,497	598,251	0	0	0
Total Assets	\$ 222,340	249,617	316,050	123,884	110,153
Net Assets	\$ 159,015	236,079	275,007	123,884	98,363
Cash Dividends Declared per Common Shares	\$ 0	0	0	0	0

### **Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements.

### **Related Party Transactions**

The Company paid professional fees in the amount of \$3,979.00 to an officer's company in the year ended April 30, 2008.

### **Critical Accounting Estimates**

There are no critical accounting estimates.

### **Changes in Accounting Policies**

There are no changes in accounting policies

### **Share Capital Data**

The following table sets forth the issued and outstanding securities in the capital of the Company as at July 31, 2008:

Common Shares		9,173,753		
Agent's Warrants	141,247	Expiry:10/31/09	Exercise price: \$0.10	
Warrants	870,000	Expiry:12/15/09	Exercise price: \$0.75	
Share Purchase Options	425,000	Expiry:10/31/12	Exercise price: \$0.10	
Share Purchase Options	150,000	Expiry:05/29/13	Exercise price: \$0.75	

### **Fourth Quarter**

There were two fourth quarter events or items that affected the Company's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments. 1) An increase in stock-based compensation expense of \$24,353.00 and 2) an increase in the share issue costs of \$21,980.00. The Company's operations are not seasonal.

### **Proposed Transactions**

On July 8<sup>th</sup>, 2008, Puget, 1592129 Ontario Inc. ("Numco") and each of the shareholders of Numco entered into a letter agreement wherein Puget will, subject to the terms and conditions thereto, acquire all of the issued and outstanding securities in the capital of Numco.

The primary asset of Numco are certain mineral interests described as the "Werner Lake Mineral Belt Property." The Werner Lake Property consists of mineral interests covering approximately 1,700 hectares in the Kenora Mining District of Ontario, and also include Numco's beneficial interest in and to (i) an option granted by Harper Capital Inc. ("Harper") on August 16, 2007 to acquire Harper's interest in and to certain mineral leases, and (ii) an option granted by I.K. Riives ("Riives") to acquire Riives' interest in and to certain mineral claims. See the Company's news release dated July 8<sup>th</sup>, 2008 for more particulars.

In consideration, the Company shall pay to the shareholders of Numco: (A) an aggregate total of \$3 million over a period of two years; (B) an aggregate total of 8 million Common Shares over a period of one year; (C) an aggregate total of 4 million transferable share purchase warrants, each warrant entitling the holder thereof to purchase an additional Common Share at a price of \$1.50 per share for a period of two years from issuance; (D) an aggregate total of 4 million transferable share purchase warrants on the first anniversary of the Closing Date, of which (i) in relation to 2 million of such warrants, each such warrant will entitle the holder thereof to purchase an additional Common Share at a price of \$2.00 per share for a period of two years from issuance, and (ii) in relation to the remaining 2 million of such warrants, each such warrant will entitle the holder thereof to purchase an additional Common Share at a price of \$4.00 per share for a period of two years from issuance. In addition, the Company will grant one of the Numco shareholders a 1.0% net smelter royalty on all ores, minerals or concentrates produced from the Werner Lake Property subsequent to the completion date.

The transaction is an "arm's length transaction," and will constitute a "Reverse Takeover" under Exchange policies. Completion of the transaction will thus be dependent on, among other things, majority shareholder approval. In addition, the Company must complete a concurrent private placement financing of at least \$2 million. There is no guarantee that the Company will complete the transaction.

Further details of the transaction can be obtained from the Company's news release dated July 8<sup>th</sup>, 2008, available online at [www.sedar.com](http://www.sedar.com).

### **Risks and uncertainties**

The Company is in the business of acquiring, exploring and, if warranted, developing mineral properties, which is a highly speculative endeavour, and the Company's future performance may be affected by events, risks or uncertainties that are outside of the Company's control.

The Company's management consider the risks set out below to be the most significant to potential investors of the Company, but not all risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

### *Limited Operating History*

The Company is still in an early stage of development. The Company is engaged in the business of acquiring, exploring and, if warranted, developing mineral properties in the hope of locating economic deposits of minerals. The Company's mineral interests are in the early stages of exploration and is without a known deposit of commercial ore.

The Company has no history of earnings. There is no guarantee that economic quantities of mineral reserves will be discovered on the Company's property.

### *Exploration and Development Risks*

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market and mineral price fluctuations, particular attributes of any deposits (including size and grade), the proximity and capacity of milling facilities, mineral markets and processing equipment, and other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not having an adequate return on investment.

The Trout Bay Property is in the exploration stage only and is without known bodies of commercial ore. Development of any property would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

There is no assurance that the Company's mineral exploration activities and, if warranted, its development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Corporation's operations will, in part, be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

### *Acquisition of Additional Mineral Properties*

The Company currently has an interest in only one mineral property. If the Company loses or abandons its interest in its sole property, there is no assurance that it will find or raise the funds to acquire another mineral property of merit or that such acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any

additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

#### *Mineral Titles*

No assurances can be given that title defects to the Company's mineral interests do not exist. The Company's current mineral properties and other properties it may from time to time acquire an interest in, may be subject to prior unregistered agreements, transfers or claims and title may be affected by undetected defects. If title defects do exist, it is possible that the Company may lose all or a portion of its right, title and interest in and to the properties.

#### *Loss of Interest in Properties*

The Company may acquire properties which require the Company to make certain additional payments in order to maintain its interests. The Company's ability to acquire or maintain those interests will be dependent on its ability to raise additional funds by equity and/or debt financing. Failure to obtain additional financing may result in the Company being unable to make the periodic payments required for the acquisition of its interests in certain properties and could result in delay or postponement of further exploration and the partial or total loss of the Company's interest in such properties.

#### *Aboriginal Rights*

Aboriginal rights may be claimed on Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company is not aware of any aboriginal land claims having been asserted or any legal actions relating to aboriginal issues having been instituted with respect of the mineral claims in which the Company has an interest.

#### *Permits and Government Regulations*

The future operations of the Company will require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing exploration, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on any of its properties.

#### *Environmental and Safety Regulations and Risks*

Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be temporarily withdrawn where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches.

Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the acquired properties or non-compliance with environmental laws or regulations. In all major developments, the Company generally relies on recognized designers and development contractors from which the Company will, in the first instance, seek indemnities. The Company intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable standards. There is a risk that environmental laws and regulations may become more onerous, and thus raising the costs of operations.

### *Competition*

The resource industry is intensely competitive in all of its phases. The Company competes with many companies possessing greater financial resources and technical facilities than the Company. The competition in the mineral exploration and development business could adversely affect the Company's ability to acquire suitable properties or prospects for exploration in the future.

### *Management*

The success of the Company is currently dependant on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance that the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

### *Conflicts of Interest*

Various of the Company's directors, officers and other members of management do, and may in the future, serve as directors, officers, promoters and members of management of other companies involved in the acquisition, exploration and development of mineral resource properties and, therefore, it is possible that a conflict may arise between their duties as a director, officer, promoter or member of the Company's management team and their duties as a director, officer, promoter or member of management of such other companies. The Company's directors and officers are aware of the laws governing accountability of directors and officers for corporate opportunity and the requirement of directors to disclose conflicts of interest. The Corporation will rely upon these laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

### *Fluctuating Mineral Prices*

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of base and precious metals. The price of those commodities has fluctuated widely, and is affected by numerous factors beyond the Company's control, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The

effect of these factors on the price of base and precious metals, and therefore the economic viability of any of the Company's exploration projects, cannot be accurately predicted.

#### *Additional Funding Requirements*

From time to time, the Company may require additional financing in order to carry out its acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Company's future revenues decrease as a result of lower commodity prices or otherwise, it will affect the Company's ability to expend the necessary capital to replace its reserves or to maintain its production. If the Company's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or be available on favourable terms.

#### *Price Volatility and Lack of Active Market*

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Any quoted market for the Company's securities may be subject to such market trends and that the value of such securities may be affected accordingly.

#### **Further Information**

Additional information about the Company is available at the Company's website [www.pugetventures.com](http://www.pugetventures.com) and/or the Canadian disclosure website [www.sedar.ca](http://www.sedar.ca)