

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended February 28, 2009

BACKGROUND

The following discussion and analysis, prepared as of April 27, 2009, should be read together with the unaudited consolidated financial statements for the three months ended February 28, 2009 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Certain statements in this report that are not historical facts may constitute forward-looking statements. Forward-looking statements are based on reasonable assumptions and current expectations and entail various known and unknown risks and uncertainties which could cause or contribute to actual results varying materially from those described in forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements.

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

DESCRIPTION OF BUSINESS

The Company and its wholly-owned subsidiary, Jubilee Minerals Ltd. ("Jubilee"), and its controlled subsidiary, Merrex Insaat Madencilik Sanayi Tasimacilik ve Ticaret Limited Sirketi ("Merrex Turkey"), are junior mineral exploration companies engaged in the business of acquiring, exploring and evaluating natural resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is complete.

As at the date of this MD&A, the Company has not earned any production revenue, nor has the Company found any proven reserves.

The Company's primary assets are its gold properties in West Mali, Africa (the "Siribaya Project") and its zinc-lead properties in Nova Scotia, Canada (the "Jubilee Project"). On February 26, 2008 the Company announced a strategic plan to position the Company as a dedicated or 'pure play' gold company focused on its core assets in Mali. The strategic plan includes restructuring the Company by distributing to the shareholders of the Company all non-core assets. The divestiture of assets will be into two companies, one company will hold the Jubilee zinc-lead deposit and related Nova Scotia base metal properties and a second company will hold all remaining non-core assets. The Mali gold assets will remain in the Company. As of the date of this MD&A, this restructuring is still in the planning stage.

OUTLOOK

In conjunction with the planned divestiture of the Nova Scotia zinc-lead assets, a financing will be required within the new company to fund the planned exploration and administrative costs of the Jubilee Project for the twelve months following restructuring. Under an option agreement with IAMGOLD Corporation (IAMGOLD) exploration costs for the Siribaya Gold Project will be funded by IAMGOLD until December 23, 2013, at IAMGOLD's election. Under an option agreement with Roscan Minerals (BVI) Corp. (Roscan), the Turkey Option Agreement, exploration expenditures for the Company's current Turkish properties will be funded by Roscan until July 31, 2011, at Roscan's election.

During 2009, expenditures on non-core assets and investigation of new properties will be dependent upon the Company's ability to raise additional funds. On December 23, 2008 the Company completed a private placement with IAMGOLD for net cash proceeds of \$1.5 million. However, the Company will require additional funding of approximately \$3.4 million for the remainder of 2009 to ensure it has sufficient cash to meet its current obligations (\$2.6 million), maintain its remaining properties and option agreements in good standing (\$0.3 million), and fund its administration costs (\$0.5 million). There can be no assurance that the Company will be successful in securing this funding.

RESOURCE PROPERTIES

(Refer to Note 6 of the Unaudited Consolidated Financial Statements)

Jubilee Property

The Jubilee Property, which includes the Jubilee Deposit, is a 189-claim land position located in Inverness and Victoria counties of Central Cape Breton, Nova Scotia. All 189 claims are 100% owned by the Company: 166 claims (the "Jubilee

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Claims”) through the acquisition of Jubilee Minerals Limited (“Jubilee”) and 23 claims (the “Aur Claims”) acquired from Teck Cominco Limited, formerly Aur Resources Inc. (“Aur”). Collectively, the Jubilee Claims and the Aur Claims are referred to as the “Jubilee Property”.

Acquisition of the Jubilee Minerals Limited Claims

Pursuant to an option agreement dated August 12, 2005 and exercised on May 24, 2006, the Company acquired Jubilee for 10,000,000 common shares (subject to a Value Securities Escrow Agreement) issued at a fair value of \$750,000, and 850,000 common shares issued at a fair value of \$63,750 in respect of finders’ fees. The Company was also required to incur exploration expenditures of \$500,000 which was completed in 2007 whereupon and the claims were transferred to the Company.

Acquisition of the Aur Claims

Pursuant to an option agreement dated July 31, 2006 with Aur, the Company acquired a 100% interest in the 23 Aur Claims for \$80,000 and \$2,000,000 of exploration expenditures on the combined Jubilee Property. The option was exercised and on September 4, 2007, the Aur Claims were transferred to the Company. Aur retains a 2% Net Smelter Return over the Jubilee Property provided that 1% of such Net Smelter Return may be purchased by the Company for \$1,000,000.

The Jubilee Property

The Jubilee Property is a zinc-lead bearing breccia system defined by historic and recent drilling which the Company calls the “Jubilee Deposit”.

The Jubilee Deposit is a carbonate-hosted, stratabound zinc-lead-barite deposit that has been classified to date as showing affinity with both “Irish Style” base metal deposits and the broad Mississippi Valley Type (MVT) deposit class. Mineralization at Jubilee is hosted by carbonate rocks of the Early Carboniferous (Visean) age Windsor Group, with the principal base metal sulfides being galena and sphalerite. These occur as replacements of host rock and as breccia matrix phases, locally accompanied by barite.

To date, a total of 211 holes has been drilled on the Jubilee Claims of which 72 holes were drilled by the Company. The Company’s drill programs extended the strike extent of the Jubilee Main Zone to over 2.1 kilometres, identified parallel zones to the east and the west of the Main Zone and generated sufficient data to allow for a resource estimate compliant with Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves *Definitions and Guidelines* (the CIM Standards) and with disclosure requirements of National Instrument 43-101 (NI 43-101). The estimate, which was prepared by Mercator Geological Services Limited, is effective November 5th, 2007. Mineralized intercepts from 49 historic drill holes and 17 of the Company’s drill holes fall within the Mercator resource estimate outline, which reflects the Company’s drill holes up to MJ-07-30.

Jubilee Zinc-Lead Deposit Mineral Resource Estimate – Effective November 5, 2007

Zinc Equivalent Threshold (%)*	Resource Category	Tonnes (Rounded)	Lead (%)	Zinc (%)	Zinc Equivalent (%)
2.00	Inferred	3,460,000	0.86	3.62	4.48
2.50	Inferred	3,140,000	0.89	3.81	4.71
3.00	Inferred	2,670,000	0.95	4.10	5.05
3.50	Inferred	2,100,000	1.02	4.58	5.60
3.75	Inferred	1,880,000	1.04	4.75	5.79

*Zn Equivalent calculated as $Zn\ Equivalent = (Zn\% + Pb\%)$ based on averaged October 2007 through July 2007 Zn and Pb market pricing.

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During the 2008 field season the Company completed further diamond drilling. Details of the Company's drill program results, as well as diagrams and maps, are available on the Company's website at www.merrexgold.com.

During the three months ended February 28, 2009, the Company incurred \$40,789 in exploration expenditures on the Jubilee Property. To February 28, 2008, the Company had made cash payments of \$80,000 and incurred \$5,032,649 in exploration expenditures and other costs on the Jubilee Property. The Company's plan is that 2009 expenditures on the Jubilee Property be funded by a financing to be completed in conjunction with the planned divestiture of the Nova Scotia zinc-lead properties.

Michael Cullen, M. Sc., P. Geo., Senior Geologist with Mercator Geological Services Limited, is the independent Qualified Person, as defined under NI43-101, responsible for review and approval of the technical information presented above.

Mali Properties

Touba Mining Strategic Alliance

The Company optioned from Touba Mining SARL ("Touba") of Bamako, Mali certain mining permits within the West African country of Mali. The Company's relationship with Touba is a strategic alliance whereby Touba assists the Company to acquire mineral permits other than those owned by Touba. The Company currently holds permits in a contiguous land position of 698 square kilometres within a 4,100 square kilometre defined area of interest in the southern portion of what is referred to as the West Mali Gold Belt.

Pursuant to the terms of the Touba option the Company has earned a 95% interest in the Siribaya (132 sq km) and Taya-Malea (150 sq km) mining permits by making cash payments aggregating \$85,000 and incurring exploration expenditures exceeding the minimum requirement of \$750,000. The permits include gold and certain other minerals but the Company's primary interest in the permits is for their potential for gold exploration. If the permits are to be developed as a mine then the Company's interest will be diluted in favour of the government of Mali through a 10% participating interest (optional) and a 10% carried interest.

On December 23, 2008, the Company acquired Touba's 5% free carried interest royalty in its Siribaya Gold Project for the issuance of 2,000,000 common shares at a fair value of \$500,000, which increased the Company's interest to 100%, subject to dilution as follows:

Parties	Interest
Merrex	80% participating
Government of Mali	10% participating (optional) 10% carried

If the government of Mali elects not to participate then their 10% participating interest reverts to the Company. All permits are subject to a 5% Net Profit Production Royalty in favour of Touba.

The Company has also secured through Touba option rights from other parties for the Kambaya (127 sq km), Kofia (147 sq km) and Babara (142 sq km) permits. All required legalities have been completed for all permits except for the Kambaya permit which is nearing completion. Collectively these permits, along with the Siribaya and Taya-Malea permits, are called the Siribaya Gold Project.

Permits optioned from other parties by Touba for the benefit of the Company require cash payments totalling \$291,000, of which \$225,000 has been paid to date. There are no expenditure requirements for these permits, except as required to maintain the permits in good standing. To date the Company has earned interests in these permits as follows: Babara permit – 100%; Kofia permit – 100% and Kambaya permit – 60%. A final \$66,000 must be paid by May 2009 for the remaining 40% of the Kambaya permit.

Subsequent to the quarter end, in compliance with the Malian mining code, the Company surrendered one-half of the Siribaya permit and reapplied for the same lands under a new permit named Siribaya Ouest. This permit application is pending. The Company has also filed application to secure a new mineral permit named Diarandi. This permit is contiguous to the east of

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the Company's Babara Permit and is approximately 150 square kilometers in area. Final approval from the Mali government is pending. When finalized, this additional permit will bring the Company's contiguous land position in the Siribaya Project to 848 square kilometres.

On December 23, 2008, the Company closed an Option Agreement (the "IAMGOLD Option") with IAMGOLD pursuant to which IAMGOLD may incur up to \$10.5 million in exploration expenditures over a four year period to earn a 50% interest in Siribaya. The IAMGOLD Option provides that IAMGOLD will incur expenditures of \$3.0 million in the first year and may incur aggregate expenditures totalling not less than \$2.5 million in each of the three succeeding years to earn its 50% interest. The interest to be earned will vest 30% after expenditures of \$8.0 million and a further 20% after the final expenditure of \$2.5 million. The Company is the initial Project Operator and receives a management fee as Operator. After two years or exploration expenditures of \$5.5 million, IAMGOLD can elect to be the Project Operator.

Siribaya Gold Project

Previous exploration work by other parties in the area covered by the various Siribaya permits consisted of regional geochemical surveys (lines spaced one kilometre apart) that reported over 100 kilometres of broad gold anomalous zones associated with geological structures. This historic database reported several soil samples assaying over 1000 ppb and as high as 4000 ppb. These anomalous gold zones were never followed up and the Company acquired the complete database of past work.

During 2006 and 2007 the Company undertook grassroots exploration including prospecting, mapping, detailed geochemistry, pitting and trenching and conducted a 31,500 meter Rotary Air Blast ("RAB") drilling program which confirmed a substantial mineralized structure measuring 7 kilometres long, up to one kilometre wide, with a confirmed depth extension of at least 30 metres, open to the north, south and at depth.

From June, 2007 to present the Company followed up on the prior RAB drill results with diamond drilling and conducted additional geochemical sampling extending the mineralized zone at Siribaya to 10 kilometers in length and identifying an entirely new area (Zone Bambadinka) to the west of the present area of exploration.

To date a total of 79 holes totalling 14,500 metres have established a mineralized zone over 7 kilometres long including three specific areas, namely Zone 1B, Zone 1A and Zone Timeta.

The Phase I 2008 program was comprised of fifteen drill holes totalling approximately 3,000 metres. Phase I drilling concentrated on a 100 x 300 metre area within Zone 1B which is a one kilometre long portion of the previously drill-identified 10 kilometres long gold-mineralized Siribaya structure.

Fourteen of the holes were gold mineralized (the fifteenth hole was lost due to poor rock conditions) and increased significantly the understanding of the geology of the Siribaya project. Diamond drill holes 08-56, 59, 60, 61 and 62 intersected strong gold-polymetallic mineralization hosted by volcanic hydrothermal breccias, and stockworks in felsic rocks (rhyolite and rhyodacite). The mineralization at Zone 1B's Area 55 includes pyrite, arsenopyrite, chalcopyrite, galena and sphalerite. Phase I drill holes returned significant grades over long intersections (5.07 g/t over 33 metres in drill hole 08-56 and 5.92 g/t over 20 metres in drill hole 08-62) in sulphide rich felsic rocks including sections of massive sulphide and are interpreted as suggesting a volcanic hydrothermal gold-polymetallic environment. The gold-polymetallic mineralized lens at Area 55 has drill continuity over a strike length of 200 metres and has been drilled to 200 metres in depth. The mineralization is still open along strike and to depth. Our current interpretation suggests that the mineralization within Area 55 stretches for at least three kilometres from drill hole 08-55 southwards to the prolific old Berekegni workings of similar mineralization and is open at both ends within the previously identified 10 kilometres long mineralized Siribaya structure.

In addition, Phase I drilling revealed a number of other gold-bearing mineralized structures. To the northeast of the Area 55 gold-polymetallic mineralisation, a parallel trending zone returned intersections as high as 2.25 g/t over 30 metres, 2.05 g/t over 30 metres, 4.98 g/t over 14 metres, 4.08 g/t over 10 metres, 4.60 g/t over 8 metres and 3.79 g/t over 9 metres. Approximately 200 metres south of that zone several other possible zones returned intersections as high as 4.65 g/t over 17 metres, 6.14 g/t over 8 metres, 3.05 g/t over 18 metres, 2.80 g/t over 20 metres, 4.83 g/t over 9 metres, 2.83 g/t over 14 metres and 2.82 g/t over 12 metres. The style of the gold mineralization in these zones appears to be more typical of other producing mines in the West Mali gold belt.

During 2008 the Company launched Phase II of the 2008 diamond drill program and retained MineTech International Limited (formerly ACA Howe International Limited) to prepare a NI 43-101 compliant resource estimate. Phase II drilling concentrated

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on a 2,000 metre x 300 metre area centred at Zone 1B and extending south and north from Area 55. Zone 1B is a one kilometre portion of the previously drill-identified 10 kilometres long gold-mineralized Siribaya structure. The core drill program of 17 holes totalling in excess of 4,000 metres was designed to test a hydrothermal, breccia-hosted, very high-grade sulphide/massive sulphide gold zone which has returned intersections as high as 5.07 g/t Au over core length of 33 metres and 5.92 g/t Au over 20 metres from earlier drilling. This particular sulphide/massive sulphide mineralized zone appears to extend for over three kilometres north and south from Zone 1B's Area 55. Recent drilling has established the continuity of that zone along strike for 300 metres and to a depth of 250 metres. The zone is open at depth and along strike to both the north and the south.

The 2009 exploration program commenced in January 2009. During the quarter, the Company, on its own behalf and as Operator on behalf of IAMGOLD pursuant to the Option Agreement, re-opened the Siribaya Camp, re-logged drill core and established a more comprehensive database of drill results to date, planned an airborne survey over the entire land package, commenced planning the 2009 drill program and launched a termite hill sampling program.

During the quarter the Company completed an initial resource estimate at Area 55 of Zone 1B of the Siribaya Project.

Resource Category	Block Cut-off Grade (g/tonne)	Tonnes Above Cut-off	Average Grade (g/tonne)	Ounces of Gold
Indicated	0.50	2,120,000	1.81	123,000
Inferred	0.50	5,700,000	1.74	319,000

The resource estimate was prepared by independent consultants ACA Howe International Limited and is effective January 31, 2009.

Management believes that the Siribaya Structure is part of a major gold-bearing system with the potential to deliver large deposits.

Details of the drill program results, as well as diagrams and maps, are available from the Company's website at www.merrexgold.com.

Jean-Marc Gagnon, P. Eng, MBA, a consultant to the Company, is the Qualified Person, as defined under NI43-101, who supervised this program and reviewed and approved the technical information presented above.

During the three months ended February 28, 2009, the Company made cash payments of \$Nil, incurred \$144,031 in exploration expenditures, and issued 2,000,000 common shares with a fair value of \$500,000 on the Siribaya project. To February 28, 2009 the Company has incurred \$9,578,168 in exploration expenditures, made \$265,000 in cash payments, and issued 2,000,000 common shares with a fair value of \$500,000. In addition, \$368,921 in exploration expenditures and \$44,000 in cash payments were incurred during the quarter (and to date) by the Company as Operator on behalf of IAMGOLD pursuant to the Option Agreement.

Kakadian Permit

The Company has optioned from la Societe Dianisse SUARL ("Dianisse") of Djelibougou, Bamako, Mali a 100% interest in the Kakadian mineral permit in west Mali. The Kakadian Permit, which covers approximately 109 square kilometres, includes rights to gold and certain other minerals but the Company's primary interest in the permits is for their potential for gold exploration.

The permit is located in the north portion of the prolific gold producing Sadiola-Kenieba Birimian window, approximately 10 kilometres west of the Sadiola gold mine. The property was acquired due to the presence of structural features and gold geochemical anomalies in the prospective Birimian rocks.

The Company has earned a 100% interest in the Kakadian Permit by making cash payments aggregating approximately \$80,000. There are no exploration expenditure obligations.

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If optioned interests are earned and if the permits are to be developed as a mine then the Company's interest will be diluted in favour of the government of Mali as required by the mining laws of Mali as follows:

Parties	Interest
Merrex	80% participating
Government of Mali	10% participating (optional) 10% carried

If the government of Mali elects not to participate then their 10% participating interest reverts to the Company. The permit has a 3% Net Profit Interest royalty in favour of Dianisse.

Initial exploration consisted of follow-up on known geochemical anomalies including a small geochemical program of prospecting and sampling. Approximately 15% of the Kakadian Permit was sampled with peak values of 639 ppb and 405 ppb Au and, though sparse, do outline the mapped structure.

Jean-Marc Gagnon, P. Eng, MBA, a consultant to the Company, is the Qualified Person, as defined under NI43-101, who supervised this program and reviewed and approved the technical information presented above.

As at February 28, 2009, the Company has made cash payments of \$80,000 and incurred \$64,951 in exploration expenditures on the property.

High River Properties

Pursuant to an Agreement dated May 3, 2006 with High River Gold Mines Ltd. ("High River") of Toronto, Ontario the Company acquired a bundle of five resource exploration property interests known and described as West Voisey's Bay Property, Hungry Hills Property, Sutherlands Pond Property, Red Lake/Birch Lake Properties and a 50% back-in right into Fundy Minerals Ltd. Liberian project.

The consideration for the purchase was \$1,317,282 comprised of \$361,415 in cash, 2,245,000 common shares at a fair value of \$898,000, and the issuance of 144,667 common shares to four directors in consideration of personal guarantees of performance granted to High River at a fair value of \$57,867.

West Voisey's Bay Property

The Company acquired from High River a 50% interest in 451 claims comprising approximately 112.75 square kilometres in Labrador. These claims, the West Voisey's Bay Property, are held in joint venture with Celtic Minerals Ltd. ("Celtic") as the West Voisey's Bay Joint Venture. Celtic is the West Voisey's Bay Joint Venture operator.

As at August 31, 2008, the Company had incurred exploration expenditures of \$1,979,990 on the property. There was minimal exploration on the property during 2008 and there is no exploration planned for the foreseeable future. Accordingly, as at August 31, 2008 the Company wrote off both the purchase price of the High River assets and the expenditures on the West Voisey's Bay property to date.

On December 30, 2008, the Company sold one-half of its 50% interest (net 25%) interest in the West Voisey's Bay Property to Montoro Resources Inc. ("Montoro") and Belmont Resources Inc. ("Belmont") for \$1,200,000. The Company retains a net 25% participating interest in the West Voisey's Bay Property. A finder's fee of 25,000 shares may be paid in respect of this transaction and the Crackingstone River property transaction.

West Voisey's Bay-2 Property

In October 2006, the Company and Celtic entered into an option agreement with third parties to acquire a 100% interest in the West Voisey's Bay-2 property, a 60-claim (15 sq km) block contiguous to the West Voisey's Bay Property. In September 2008, the Company and Celtic terminated the option agreement. Accordingly, as at August 31, 2008, total property costs to

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date of \$214,988 (comprised of cash payments of \$37,500, the issuance of 50,000 shares at a fair value of \$35,000 and \$142,488 in exploration expenditures) were written off.

Hungry Hill Property

The Company holds a 50% interest in the Hungry Hill Property, a 232 claim property in Labrador, in joint venture with Celtic Minerals Ltd., the Hungry Hill Joint Venture operator. Expenditures of up to \$400,000 for ground geophysical work have been authorized for the Hungry Hill and Sutherlands Pond properties combined. During the three months ended November 30, 2008, the Company incurred exploration expenditures of \$Nil on the Hungry Hill property. As at February 28, 2009, the Company had incurred exploration expenditures of \$132,422.

Sutherlands Pond Property

The Company holds a 50% interest in the Sutherlands Pond Property, a 50 claim property in Labrador, in joint venture with Celtic Minerals Ltd., the Sutherlands Pond Joint Venture operator. Expenditures of up to \$400,000 for ground geophysical work have been authorized for the Hungry Hill and Sutherlands Pond properties combined. During the three months ended February 28, 2009, the Company incurred exploration expenditures of \$29 on the Sutherlands Pond property. As at February 28, 2009, the Company had incurred exploration expenditures of \$54,367.

Red Lake/Birch Lake

The Company holds a 100% interest in 17 non-contiguous claim blocks totalling 229 claims in the Red lake and Birch Lake areas of Ontario, east of the active Red Lake, Ontario mining camp. The Birch-Uchi Project is comprised of seven claims groups totalling 230 individual claims located approximately 80 kilometres east-northeast of the town of Red Lake, Ontario. Individually, the properties are known as: Shabumeni (118 claims), East Swain (16 claims), Shabumeni River (16 claims), Skinner (32 claims), Women River (30 claims), Premier Lake (9 claims) and Confederation Lake (9 claims).

The Company's fall 2006 exploration program was directed at identifying the gold potential of the Birch-Uchi Project and consisted of preliminary prospecting and grab sampling of outcrop exposures and historical showings. The program succeeded, returning anomalous gold values including three samples ranging from 59 to 387 ppb, four samples ranging from 1308 to 2788 ppb, three samples ranging from 4456 to 7474 ppb and three samples ranging from 22184 to 30395 ppb gold.

An exploration program including prospecting, sampling, outcrop stripping and geological mapping was conducted in late 2007 and early 2008. Work included the establishment of a grid totaling 40 line km's, geological mapping, prospecting, trenching and sampling. A total of 39 grab samples, 221 channel samples, 23 ICP, and 43 humus samples were collected during the program. The program succeeded in returning anomalous gold values from both previously known and unknown mineral occurrences on the property. Anomalous samples up to 73.6 g/t Au were obtained in grab samples.

Gregory Isenor, P. Geo., President and Chief Executive Officer and director of the Company is the Qualified Person, as defined under NI43-101, who supervised this program and reviewed and approved the technical information presented above.

During the three months ended February 28, 2009, the Company incurred exploration expenditures of \$500 on the Red Lake/Birch Lake property. As at February 28, 2009 the Company had incurred exploration expenditures of \$480,451 on the property. The Company plans exploration expenditures for 2009 of approximately \$300,000, subject to obtaining funding.

Turkey Properties

In 2007, the Company entered into a strategic alliance with AgeanGold Madencilik Ltd. Sti. ("Agean"), a Turkish corporation, for the exploration for gold in western Turkey. The Company has incorporated a Turkish subsidiary, Merrex Insaat Madencilik Sanayi Tasimacilik ve Ticaret Ltd. Sti. ("Merrex Turkey"), which is owned 90% by the Company and 10% by AgeanGold. AgeanGold and its shareholders will act exclusively for Merrex Turkey when securing exploration permits and all permits will be offered to Merrex Turkey at cost on a 'first refusal' basis. Merrex Turkey will be 100% funded and wholly controlled by the Company and the Company will recover cash advances and related expenses prior to any profit distribution. The strategic alliance, which had an initial term of 12 months ending June 1, 2008, has been extended on a month-to-month basis.

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Merrex Turkey will focus on exploration permits in the region of Turkey west of 33° east longitude. To date, the Company and AgeanGold have acquired twelve exploration permits in four regions: Efemçukuru (two permits of 2180 hectares), Odemis (four contiguous permits totalling 7450 hectares), Ordu-Ulubey-Sayaca (one permit of 887 hectares) and Kure (five contiguous permits totalling 8588 hectares).

The Efemçukuru permit is contiguous to the south of Eldorado Gold's 30 square kilometre Efemçukuru Project which has a reported proven and probable reserve of 3,875,000 tonnes grading 10.04 grams per tonne gold totalling 1,221,000 ounces of contained gold and has reported drill intersections as high as 41.54 g/t gold over 35.3 meters and 218.6 g/t gold over 5.6 meters.

The Efemçukuru permits are located in Izmir province on the south-west coast of Turkey approximately 20 kilometers from the provincial capital Izmir. The Kure and Odemis permit areas are also in Izmir province; Kure approximately 83 kilometres from Izmir and Odemis approximately 64 kilometres from Izmir. The Ordu-Ulubey-Sayaca permit is located in Ordu province in the north-east of Turkey near the Black Sea approximately 22 kilometres from the provincial capital Ordu.

For the foreseeable future, Merrex Turkey will function as an incubator of projects. Merrex Turkey may undertake initial exploration programs but generally the Company plans to seek joint venture partners for its Turkish exploration permits.

On August 1, 2008, the Company and AgeanGold optioned (the Roscan Turkey Option) to Roscan Minerals (BVI) Corp. a 50% interest in its Turkey properties for \$1,000,000 in exploration expenditures over three years, with the first year's expenditures of \$300,000 being a firm commitment. The Company is the Operator during the earn-in period and receives a management fee as Operator. During the three months ended February 28, 2009, exploration expenditures of \$105,020 were incurred by the Company as Operator and paid by Roscan. As at February 28, 2009 the Company had incurred \$488,611 in exploration expenditures on the Turkey properties on its own behalf, and an additional \$175,649 in exploration expenditures on behalf of Roscan pursuant to the Roscan Turkey Option.

Other Properties

Sand Brook Property

Effective December 21, 2007, the Company optioned the Sand Brook gold prospect in New Brunswick. The Company acquired a 15% vested interest by making a cash payment of \$134,280 and may acquire an additional 35% interest by incurring \$350,000 in exploration expenditures by June 30, 2009. The additional 35% interest vests in 5% increments with each additional \$50,000 in exploration expenditures incurred. The Company will be the operator during the earn-in phase.

The Sand Brook gold prospect is contiguous to and on strike along the Sawyer Brook Fault with Freewest Resources Ltd.'s Clarence-Stream gold deposit. A NI 43-101 compliant resource estimate on the Clarence-Stream gold deposit disclosed an Indicated Mineral Resource of 648,000 tonnes grading 7.30 g/t gold or 152,000 ounces of gold, an Inferred Mineral Resource of 544,000 tonnes grading 6.58 g/t gold or 115,000 ounces of gold and an Indicated Mineral Resource of 126,000 tonnes grading 2.30% antimony or 6,395,000 pounds of antimony. Additionally, all of the gold zones are reported to remain open along strike and to depth.

In 1987 a rock chip-sampling program by Rio Algom Exploration yielded results up to 18 g/t Au with anomalous values in copper, lead, zinc, silver, antimony and arsenic. In 1989 Grand Empire Exploration drilled 10 short holes – the best intersections were 0.45m of 1949 ppb Au and 0.3m of 3481 ppb Au. In 1992 detailed prospecting and trenching by Brunswick Mining and Smelting reported 9.8 ppm Au in 1 - 1.5 m outcrops along strike, with a spot high of 18 g/t Au. In 2004 a program of geological mapping by Fundy Minerals led to the discovery of a mineralized zone hosting a quartz vein with chip sample and grab sample assays up to 19 g/t Au.

During the three months ended February 28, 2009 the Company incurred exploration expenditures of \$Nil on the property. As at February 28, 2009, the Company incurred exploration expenditures of \$134,280 on the property. The Company plans exploration expenditures for 2009 of approximately \$350,000, subject to obtaining funding.

Pictou County Property

On May 2, 2008, the Company entered into an option agreement to earn up to a 65% interest in 555 mineral claims in Pictou County, Nova Scotia for \$320,000 and exploration expenditures totalling \$950,000 over four years. In February 2008, the

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Company terminated the option agreement. Accordingly, as at February 28, 2009, total property costs to date of \$152,866 (comprised of cash payments of \$20,000 and \$132,866 of exploration and claims maintenance expenditures) were written off.

Eastville Prospect, Nova Scotia

The Company has staked 84 claims under three licenses over a prospective zinc occurrence in Eastville, Nova Scotia.

Cape Breton Regional Zinc Claims, Nova Scotia

The Company has staked additional claims in Cape Breton, Nova Scotia over four properties: Middle River, Baddeck Forks, River Denys and West Bay. These four claim groups comprise 715 claims totalling 28,600 acres and have been identified as having geologic potential to host Jubilee-style zinc-lead mineralization. The company has completed preliminary exploration, including some initial exploratory diamond drilling, at Middle River (three holes) and Cains Mountain (one hole), none of which produced any significant assays. Field mapping and soil sampling was conducted in 2008 in several areas within the Cape Breton Regional Zinc Project and additional field exploration is planned for 2009.

Winterland, Newfoundland

The Company has staked 32 claims under one license near Winterland, Newfoundland over a prospective zinc/molybdenum occurrence.

Crackingstone River Property

On December 30, 2008, the Company optioned from International Montoro Resources Inc. ("Montoro") and Belmont Resources Inc. ("Belmont") a 50% interest in their jointly owned Crackingstone River uranium property. Pursuant to the terms of the option agreement, the Company issued 1,200,000 common shares at a fair value of \$216,000, incurred \$1,200,000 of exploration expenditures and may incur a further \$2,400,000 of exploration expenditures by December 20, 2010 to earn up to a 50% interest in the Crackingstone River uranium property. The Company will be the Operator during the expenditure period. The shares are subject to a four month investment hold period.

SELECTED FINANCIAL DATA

The following table sets out selected financial information for the period indicated. The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles and all amounts are in Canadian dollars.

	Quarters Ended		Years Ended		
	February 28		August 31		
	2009	2008	2008	2007	2006
	\$	\$	\$	\$	\$
OPERATIONS					
Revenue	Nil	Nil	Nil	Nil	Nil
Net income (loss)	440,446	(587,587)	(4,690,672)	(1,291,451)	(1,076,709)
Basic and diluted loss per share	0.01	(0.01)	(0.08)	(0.03)	(0.06)
BALANCE SHEET					
Working capital (deficiency)	(2,625,452)	2,400,031	(2,648,895)	3,886,672	817,806
Total assets	19,918,339	20,144,728	17,716,186	18,039,233	6,259,823
Total deferred exploration expenditures and property costs	19,522,540	15,941,187	17,139,940	12,687,285	4,913,673

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The Company's total assets are generally increasing due to the acquisition and exploration of mineral properties. Total assets decreased this quarter compared to the same quarter last year, and at year-end 2008 compared to year-end 2007, due to significantly lower cash on hand due to difficulty in raising capital as a result of world credit market issues.

RESULTS OF OPERATIONS

The Company had net income of \$440,446 for the three months ended February 28, 2009 compared to a net loss of \$587,587 for the comparable period in 2008. The net income in 2009 was primarily due to a gain of \$1,200,000 on the sale of a 50% interest in the Company's West Voisey's Bay property and a decrease in stock options expense due to the timing of vesting of options, offset by a foreign exchange loss of \$229,891 on the revaluation of accounts payable denominated in US dollars and a write-down of resource properties of \$146,469 due to the termination of the Pictou County Property option agreement.

Administrative Expenditures

Total administrative expenses for the three months ended February 28, 2009 were \$412,204 compared to \$606,233 for the same period in 2008. The overall decrease in costs was due to specific items as follows:

Consulting fees decreased to \$24,636 compared to \$70,903 in the first quarter of the previous year due to a decrease in property investigation efforts.

Director fees were lower at \$10,091 for the three months ended February 28, 2009 compared to \$14,500 in the same period in 2008 due to fewer directors in place during the 2009 period.

Marketing and public relations costs of \$15,559 in the second quarter of 2009 were significantly lower than 2008 costs of \$67,503 due to cost cutting measures.

Office and rent expense decreased to \$61,867 in the three months ended February 28, 2009 compared to \$74,640 for the same period in the previous year due to staff reductions and other cost cutting measures implemented during the year.

Professional fees increased to \$127,421 from \$76,578 in the second quarter of the previous year, primarily related to legal fees for the planned divestiture of the Nova Scotia zinc-lead assets and the expensing of legal fees incurred on a planned financing that was not completed. Significant but not all legal work is carried out in-house by a director/officer of the Company who is qualified to practice law and is a member of the Law Society of British Columbia.

Stock-based compensation expense for the period decreased to \$49,412 compared to \$174,988 for the second quarter of the prior year due to the timing of the vesting of stock options.

Other Recoveries (Expenses)

Foreign exchange loss for the period increased to \$229,891 compared to \$3,016 for the same period the prior year, primarily due to the exchange loss on accounts payable denominated in US dollars.

Write-down of resource properties increased to \$146,469 compared to \$Nil for the same period in the prior year, due to the termination of the Pictou County Property option agreement and corresponding write-off of the expenditures to date on the property.

Gain on sale of resource property increased to \$1,200,000 in the second quarter of 2009 compared to \$Nil for the same period the prior year due to the gain on the sale of a 50% interest in the West Voisey's Bay property, which had been written off in fiscal 2008.

Interest income decreased to \$Nil in the quarter compared to \$23,341 in the same period the prior year, due to having less cash available for investment.

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SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial information for the quarters ended:

	Feb. 28 2009	Nov. 30 2008	Aug. 31 2008	May 31 2008	Feb. 29 2008	Nov. 30 2007	Aug. 31 2007	May 31 2007
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net income (loss) before taxes	440,446	(345,062)	(4,233,245)	(696,755)	(587,587)	(515,085)	(1,116,041)	(596,137)
Net earnings (loss)	440,446	(345,062)	(2,891,245)	(696,755)	(587,587)	(515,085)	(227,916)	362,410
Basic and diluted earnings (loss) per share	0.01	(0.01)	(0.05)	(0.01)	(0.01)	(0.01)	(0.00)	0.01

The fluctuation in net loss before taxes on a quarterly basis is primarily due to changes in stock-based compensation expense which fluctuates based on the number of options vesting in the quarter, with the exception of the quarter ended February 28, 2009, in which the net income was due to a gain on the sale of a resource property, and the quarter ended August 31, 2008, in which the higher loss was primarily due to a write-down of resource properties. Administrative expenses, excluding stock-based compensation, averaged \$337,637 per quarter in fiscal 2007. Administrative expenses averaged \$461,461 per quarter in 2008 due to the hiring of additional office staff, an increase in investor relations activities, an increase in professional fees related to the potential restructuring of the Company's Nova Scotia base metal and other properties, and an increase in travel related to property deal activities. Average administrative costs of \$317,826 in the first six months of 2009 are significantly lower than in 2008 due to cost reduction initiatives. Net earnings for the quarter ended May 31, 2007 reflect a future income tax recovery related to the renunciation of flow-through expenses.

LIQUIDITY AND CAPITAL RESOURCES

	February 28, 2009	November 30, 2008	August 31, 2008	May 31, 2008
Working capital	(2,625,452)	(3,351,632)	(2,648,895)	(1,380,085)
Deficit	(17,228,175)	(17,668,621)	(17,323,559)	(14,432,314)

Cash provided by operating activities was \$897,275 for the three months ended February 28, 2009 compared to cash used of \$872,547 for the same period in the previous year, primarily due to a \$1,200,000 gain on the sale of 50% of the Company's interest in the West Voisey's Bay property and an increase in accounts payable of \$221,051.

Cash used in investing activities for the period increased to \$2,268,178 compared to \$1,115,907 for the same period in the previous year, primarily due to \$1,200,000 in exploration expenditures on the Crackingstone River uranium property.

Cash provided by financing activities was \$1,481,750 from the IAMGOLD private placement during the period and \$2,762,898 for the same period the previous year for the issuance of flow-through shares.

The Company has financed its acquisition and exploration of mineral properties and ongoing operating costs with proceeds from equity subscriptions and the exercise of share purchase warrants. The availability of capital from the equity markets has diminished significantly as a result of world credit market issues. Equity available to mineral exploration companies has been sharply reduced, affecting the Company negatively. The Company is in a negative working capital position as at period-end and continues to be in a negative working capital position as of the date of this MD&A. Management is working to rectify this situation through property exploration agreements and ongoing efforts to secure appropriate funding.

On December 23, 2008 the Company and IAMGOLD Corporation closed a Private Placement and an Option Agreement for 50% of the Company's Siribaya Gold Project in West Mali, Africa. Under the Option Agreement, IAMGOLD may incur \$10.5

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million in exploration expenditures over a four year period to earn the 50% interest. Under the Private Placement agreement, IAMGOLD invested \$1.5 million in cash by subscribing for 4,285,714 units at \$0.35 per unit. Each unit is comprised of one common share and one common share purchase warrant exercisable at \$0.45 to December 17, 2009.

The Company will require additional funding of approximately \$3.4 million for the remainder of 2009 to ensure it has sufficient cash to meet its current obligations (\$2.6 million), maintain its remaining properties and option agreements in good standing (\$0.3 million), and fund its administration costs (\$0.5 million). There can be no assurance that the Company will be successful in securing this funding.

On December 21, 2007 the Company completed a flow-through private placement for total gross proceeds of \$3,099,970. The flow-through funds must be used for expenses qualifying as Canadian exploration expenses (CEE) under the Income Tax Act (Canada) by December 31, 2008. As at December 31, 2008, the full amount of expenditures qualifying as CEE had been incurred.

As at February 28, 2009, the Company has a working capital deficiency of \$2,625,452 as compared to a working capital deficiency of \$3,351,632 at November 30, 2008 and a working capital deficiency of \$2,648,895 at August 31, 2008 as follows:

	February 28, 2009 \$	November 30, 2008 \$	August 31, 2008 \$
Cash and cash equivalents	177,181	67,334	61,459
Prepaid expenses	11,938	22,144	19,575
Taxes and other receivables	38,744	21,370	357,562
Exploration advances	94,198	53,200	53,200
Accounts payable and accruals	(2,715,434)	(3,366,308)	(2,995,691)
Exploration advances payable	(87,079)	(4,372)	-
Director loan	(145,000)	(145,000)	(145,000)
WORKING CAPITAL	(2,625,452)	(3,351,632)	(2,648,895)

Cash equivalents of \$Nil (2008: \$2,638,113) are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

RELATED PARTY TRANSACTIONS

During the three months ended February 28, 2009, the Company entered into the following transactions with related parties:

The Company paid or accrued the following amounts to related parties:

- For management and exploration management fees \$56,000 (2008 - \$74,250) to a director of the Company, to a corporation of which a director and officer is a shareholder, and to a family member of a director. Of this amount, \$56,000 (2008 - \$56,000) was charged to loss for the period and \$Nil (2008 - \$18,250) was included in deferred exploration expense;
- For directors' fees \$10,091 (2008 - \$14,500) to non-executive directors of the Company which was charged to loss for the period;
- For office rent, related overhead expenses, and vehicle rental \$1,290 (2008 - \$16,750) to corporations of which directors are shareholders. Of this amount, \$1,290 (2008 - \$3,750) was charged to loss for the period and \$Nil (2008 - \$13,000) was charged to deferred exploration expense; and
- For professional services \$11,500 (2008 - \$106,370) to a director and officer. Of this amount, \$11,500 (2008 - \$53,472) was charged to loss for the period and \$Nil (2008 - \$52,898) was charged to share capital.

Included in accounts payable and accrued liabilities are amounts owing to directors and officers and corporations in which directors and officers are shareholders totalling \$231,166 (2008 - \$156,384). In fiscal 2008, the Company borrowed \$145,000 from a director which is outstanding at February 28, 2009 (2008: \$Nil). Amounts payable to and receivable from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

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Related party transactions are in the ordinary course of business, occurring on terms that are similar to those of transactions with unrelated parties, and therefore are measured at the exchange amount, except for the loan from the director which is not in the ordinary course of business and is measured at the carrying amount.

CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Recently adopted accounting pronouncements

Financial Instruments – Disclosure and Presentation.

In March 2007, the CICA issued Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation. The new guidance replaces Section 3861 and provides expanded disclosure requirements that provide additional detail by financial asset and liability categories. These Sections are effective for interim and annual fiscal years beginning on or after October 1, 2007 and was adopted by the Company on September 1, 2008. The implementation of this standard did not have a material effect on the Company's financial statements.

Accounting Changes

In July 2006, the CICA revised Section 1506, Accounting Changes, which requires that voluntary changes in accounting policy are made only if they result in the financial statements providing reliable and more relevant information, that changes in accounting policy are generally applied retrospectively and that prior period errors be corrected retrospectively. Section 1506 is effective for fiscal years beginning on or after October 1, 2007 and was adopted by the Company on September 1, 2008. The implementation of this standard did not have a material effect on the Company's financial statements.

Capital Disclosures

In December 2006, the CICA issued section 1535, Capital Disclosures. This section establishes standards for disclosing information about an entity's capital and how it is managed to enable users of financial statements to evaluate the Company's objectives, policies and procedures for managing capital. This section is effective for interim and annual fiscal years beginning on or after October 1, 2007 and was adopted by the Company on September 1, 2008. The new requirements are for disclosures only and did not impact the financial results of the Company.

Inventories

CICA Section 3031 – Inventories is effective for fiscal years beginning on or after January 1, 2008 and aligns accounting for inventories under Canadian GAAP with International Financial Reporting Standards (IFRS). Adoption of this standard on September 1, 2008 did not impact the Company's financial statements.

Credit risk and fair value of financial assets and financial liabilities

In January 2009, the CICA issued the Emerging Issues Committee (EIC) Abstract EIC – 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", effective for interim and annual financial statements ending on or after January 20, 2009. Earlier adoption of this abstract is permitted. EIC-173 provides further information on the determination of the fair value of financial assets and financial liabilities under Section 3855, "Financial Instruments – Recognition and Measurement." It states that an entity's own credit and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 should be applied retroactively, without restatement of prior periods, to all financial assets and liabilities measured at fair value. The Company adopted this abstract during the second quarter of the 2009 fiscal year, and this standard did not have a material impact on the Company's financial statements.

Recently issued accounting pronouncements

In February 2008 the Accounting Standards Board announced that accounting standards in Canada are to converge with IFRS and companies will begin reporting, with comparative data, under IFRS for fiscal years beginning on or after January 1, 2011. While IFRS is based on a conceptual framework similar to Canadian GAAP, there are significant differences with respect to recognition, measurement and disclosure which the Company is beginning to assess.

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Goodwill and intangible assets

In February 2008 the CICA issued Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". The new Section is applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning September 1, 2009. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This standard is not expected to have a material impact on the Company's financial statements.

Business combinations

In January 2009, the CICA issued the new handbook Section 1582, "Business Combinations" effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of Section 1582 is permitted. This pronouncement further aligns Canadian GAAP with US GAAP and IFRS and changes the accounting for business combinations in a number of areas. It establishes principles and requirements governing how an acquiring company recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, any non-controlling interest in the acquiree, and goodwill acquired. The section also establishes disclosure requirements that will enable users of the acquiring company's financial statements to evaluate the nature and financial effects of its business combinations. Although the Company is considering the impact of adopting this pronouncement on the consolidated financial statements, it will be limited to any future acquisitions beginning in fiscal 2011.

Consolidated financial statements and non-controlling interests

In January 2009, the CICA issued the new handbook Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests", effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of these recommendations is permitted. These pronouncements further align Canadian GAAP with US GAAP and IFRS. Sections 160-1 and 1602 change the accounting and reporting for ownership interest in subsidiaries held by parties other than the parent. Non-controlling interests are to be presented in the consolidated statement of financial position within equity but separate from the parent's equity. The amount of consolidated net income attributable to the parent and to the non-controlling interest is to be clearly identified and presented on the face of the consolidated statement of income. In addition, these pronouncements establish standards for a change in a parent's ownership interest in a subsidiary and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. They also establish reporting requirements for providing sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. The Company is currently considering the impact of adopting these pronouncements on its consolidated financial statements in fiscal 2011 in connection with the conversion to IFRS.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred expenditures, stock-based compensation, and future income tax assets and liabilities.

The Company's recoverability of the recorded value of its mineral properties and associated deferred expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is subject to a number of risk factors, including legal and political risks, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend on a variety of factors including the market value of the Company's shares and the financial objectives of the stock-based instrument holders.

Future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values. Future income tax assets also result from unused loss carryforwards and other deductions. The valuation of future income tax assets is adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

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OUTSTANDING SHARE DATA

As of the date of this report, the Company had authorized an unlimited number of common shares without par value and issued capital was 67,446,469 common shares (August 31, 2008: 59,960,755).

Stock options outstanding:

Exercise Price	Number of Shares	Expiry Date
\$0.45	100,000	December 5, 2010
\$0.75	1,275,000	June 1, 2011
\$0.75	275,000	November 7, 2011
\$0.90	630,000	December 19, 2011
\$0.75	940,000	December 4, 2012
\$0.40	870,000	September 29, 2013
	<u>4,090,000</u>	

Warrants outstanding:

Exercise Price	Number of Shares	Expiry Date
\$0.45	4,285,714	December 17, 2009
\$0.65	333,843	December 21, 2009
	<u>4,619,557</u>	

As of the date of this report, there were 2,167,750 shares subject to a Value Securities Escrow Agreement which will be released on May 24, 2009.

RISK AND UNCERTAINTIES

Under Canadian reporting requirements, management of the Company is required to identify and comment on significant risks and uncertainties associated with its business activities. For a summary of potentially significant inherent risks and uncertainties that management considers to be particularly unique to its operations and business plans in the upcoming years, please refer to the Company's 2008 Management Discussion and Analysis, which is available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.