

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended November 30, 2009

BACKGROUND

The following discussion and analysis, prepared as of January 27, 2010, should be read together with the unaudited consolidated financial statements for the three months ended November 30, 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"), 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 has been completed. As at the date of this MD&A, the Company has not earned any production revenue.

The Company's primary assets are its gold properties in West Mali, Africa (the "Siribaya Project") and its 50% owned zinc-lead properties in Nova Scotia, Canada (the "Jubilee Project"). The Company has announced a strategic plan to position the Company as a dedicated or 'pure play' gold company focused on its core assets in Mali. Pursuant to that objective, on December 31, 2009 the Company sold to Chrysos Capital Corporation 50% of the Jubilee Project and related Nova Scotia mineral claims, its Turkey gold properties including its 90% interest in Merrex Turkey and its strategic association with AgeanGold, and 100% of its properties in the Red Lake-Birch Lake region for 18,675,000 shares of Chrysos (representing a 39% equity interest). Management's plan is for the Chrysos shares to be distributed to the Company's shareholders as a dividend on a record date to be determined. The Mali gold assets will remain in the Company.

OUTLOOK

Under an option agreement with IAMGOLD Corporation (IAMGOLD) exploration costs of up to \$10.5 million for the Siribaya Gold Project will be funded by IAMGOLD until December 23, 2012, at IAMGOLD's election. As part of the sale of the Nova Scotia zinc-lead assets to Chrysos, Chrysos agreed to fund a 1,500 metres diamond drilling program estimated at \$413,600. After completion of this program the Jubilee Zinc Project will be managed under a 50/50 Joint Venture Agreement with Chrysos as Operator.

During 2010, expenditures on non-core assets and investigation of new properties will be dependent upon the Company's ability to raise additional funds. Since its fiscal year-end, the Company has raised \$2.9 million from the exercise of options and warrants. This funding, combined with operator fees from the Siribaya project, provides the Company with sufficient cash to meet its current obligations and fund its administration costs for the 2010 fiscal year. The Company will require an additional \$2.0 million to fund exploration expenditures on its Crackingstone property by December 31, 2010 to maintain the option agreement in good standing. There can be no assurance that the Company will be successful in securing this additional 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 50% owned by the Company: 166 claims (the "Jubilee Claims") through the acquisition of Jubilee Minerals Limited ("Jubilee") and 23 claims (the "Aur Claims") acquired from Aur

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended November 30, 2009

Resources Inc. ("Aur"), now owned by Teck Cominco Limited. Collectively, the Jubilee Claims and the Aur Claims are referred to as the "Jubilee Property".

Acquisition of the Jubilee Property

Pursuant to an option agreement dated August 12, 2005 and exercised May 24, 2006, the Company acquired Jubilee for 10,000,000 common shares issued at a fair value of \$750,000, 850,000 common shares issued at a fair value of \$63,750 in respect of finders' fees and incurred exploration expenditures of \$500,000. 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. 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.

Disposition of 50% Interest

Pursuant to an agreement dated October 27, 2009 the Company sold 50% of the Jubilee Project and related Nova Scotia mineral claims, its Turkey gold properties including its 90% interest in Merrex Turkey and its strategic association with AgeanGold and 100% of its properties in the Red Lake-Birch Lake region to Chrysos for 18,675,000 shares of Chrysos. The Jubilee Zinc Project will be managed under a 50/50 Joint Venture Agreement with Chrysos as Operator.

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. Not all drill holes tested the Jubilee Deposit. The Company's drill programs extended the strike extent of the Jubilee Main Zone to over 2.1 kilometres, confirmed the presence of new zinc-lead mineralization in 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.

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended November 30, 2009

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 November 30, 2009, the Company incurred \$Nil in exploration expenditures on the Jubilee Property. To date, the Company has made cash payments of \$80,000 and incurred \$5,037,870 in exploration expenditures and other costs on the Jubilee Property. In January, 2010 Chrysos began a 1,500 metres diamond drilling program estimated at \$413,600. This program is fully funded by Chrysos.

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 800 square kilometres within a 4,100 square kilometre defined area of interest in the southern portion of the West Mali Gold Belt.

The Company owns a 100% interest in the Siribaya Gold Project having acquired 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 \$750,000 in exploration expenditures pursuant to the Touba option and acquiring also from Touba the outstanding 5% free carried interest royalty for 2,000,000 common shares at a fair value of \$440,000. 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, 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, and was awarded the Diarindi Permit (105 sq km) on October 12, 2009 by the Mali government. All required legalities have been completed for those permits including cash payments totalling \$291,000. Collectively these permits, along with the Siribaya and Taya-Malea permits, are called the Siribaya Gold Project.

During the year, 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.

On December 23, 2008, the Company entered into an Option Agreement (the "IAMGOLD Option") with IAMGOLD Corporation 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 the Siribaya Gold Project. The IAMGOLD Option provides that IAMGOLD will incur expenditures of \$3.0 million in the first year (completed) and may incur aggregate expenditures totalling not less than \$2.5 million in each of the three succeeding years to earn its 50% interest. IAMGOLD has committed to the second year of the program. 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.

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended November 30, 2009

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. These anomalous gold zones were never followed up and the Company acquired the complete database of past work.

During 2006 and the first half of 2007 the Company undertook grassroots exploration including prospecting, mapping, detailed geochemistry, pitting and trenching and conducted a 31,500 metre 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. In the second half of 2007, the Company followed up on the RAB drill results with diamond drilling and conducted additional geochemical sampling extending the mineralized zone at Siribaya to 10 kilometers in length and identifying Zone Bambadinka to the west of Siribaya.

The Phase I 2008 drill program of fifteen holes totalling approximately 3,000 metres concentrated on the 100 x 300 metre Area 55 within Zone 1B. Fourteen of the holes were gold mineralized and increased the understanding of the geology of the Siribaya project. 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 with drill continuity demonstrated to date over a strike length of 200 metres and 200 metres in depth, and open along strike and to depth. The 2007 interpretation suggested that the mineralized structure within Area 55 stretched for at least three kilometres from drill hole 08-55 southwards to the prolific old Berekegni workings of similar mineralization and was open at both ends within the previously identified 10 kilometres long mineralized Siribaya structure. In addition, Phase I diamond drilling revealed a number of other gold-bearing mineralized structures with the style of the gold mineralization appearing to be typical of other producing mines in the West Mali gold belt.

In the second half of 2008 the Company retained MineTech International Limited (ACA Howe International Limited) to prepare a NI 43-101 compliant resource estimate and conducted a Phase II drill program concentrating on extending Area 55. The program of 17 holes totalled in excess of 4,000 metres and tested the hydrothermal, breccia-hosted, very high-grade sulphide/massive sulphide gold zone which previously 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. The Company also completed an initial resource estimate effective January 31, 2009 at Area 55 of Zone 1B which estimated 2,120,000 tonnes grading 1.81 g/t (123,000 ounces) indicated and 5,700,000 tonnes grading 1.74 g/t (319,000 ounces) inferred.

The calendar 2009 \$3,000,000 exploration program at the Siribaya Gold Project conducted in conjunction with IAMGOLD included camp and required road rehabilitation, a 4,707 metres diamond drilling program to increase the gold resource, a high resolution airborne magnetometer survey over the entire land package to identify controlling structures, and termite geochemical surveys on other areas of special interest not previously tested within the 800 square kilometre land package.

The detailed geochemical survey of termite mounds over the ten kilometre strike length of the Siribaya mega-structure identified new gold-anomalous zones that were not evident from prior surface sampling and confirmed previous surface geochemical survey results and prior RAB drilling results. The interpretation of the termite mound survey delineated two strong north-south trending parallel gold-mineralized structures hosting the previously identified Zones 1A and 1B with the Zone 1A anomaly much more clearly and strongly identified than it was by prior conventional soil sampling, and stronger than Zone 1B. Termite mound surveys were also conducted on the Babara and Kofia permits to the east of the Siribaya structure and over the Bambadinka geochemical anomaly identified by previous surface sampling. Analytical results from these surveys are still pending.

The 2009 diamond drill program comprised of seventeen holes totalling 4,707 metres resulted in significant gold intersections tripling the strike length of the continuously mineralized zone at Area 55 at Zone 1B from 300 metres to approximately 900 metres. The mineralization remains open to the north, south and at depth. Assay highlights are set forth in the table below.

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended November 30, 2009

Assay Highlights	
Hole	Assay
SR-DD-09-81	5.30 g/t over 10 m including 17.85 g/t over 1 m
SR-DD-09-82	2.75 g/t over 7.5 m
SR-DD-09-83	5.81 g/t over 12 m including 17.90 g/t over 1 m
SR-DD-09-83	2.28 g/t over 17.5 m
SR-DD-09-85	3.85 g/t over 9 m
SR-DD-09-85	5.37 g/t over 16 m, including 25.50 g/t over 1 m.
SR-DD-09-85	2.61 g/t over 9 m
SR-DD-09-88	3.14 g/t over 23 m including 4.41 g/t over 14 m including 15.08 g/t over 2 m
SR-DD-09-89	2.18 g/t over 15 m including 4.53 g/t over 5 m
SR-DD-09-89	3.52 g/t over 10.5 m including 11.39 g/t over 2.25 m
SR-DD-09-93	3.69 g/t over 10.5 m
SR-DD-09-93	2.56 g/t over 6 m
SR-DD-09-93	2.42 g/t over 9 m
SR-DD-09-94	1.57 g/t over 9 m
SR-DD-09-95	4.75 g/t over 12 m
SR-DD-09-96	2.64 g/t over 8.5 m
SR-DD-09-96	1.27 g/t over 12 m
SR-DD-09-96	8.45 g/t over 3 m including 21.10 g/t over 1 m
SR-DD-09-96	3.33 g/t over 21 m
SR-DD-09-96	2.18 g/t over 12 m

Notes regarding Assay Highlights and Detailed Assay Tables:

- a) all intersection lengths are core lengths, not true widths
- b) only intersections of one metre and longer with average gold grade of 1.0 g/t and higher are included
- c) intersections grading less than 1.0 g/t were excluded

The 2009 high resolution airborne magnetic/radiometric spectrometer survey has identified two major distinct parallel substructures within the 1.5 km wide x 12 km long Siribaya mega-structure. The 1A sub-structure is approximately 500 metres wide and 9.4 kilometres along strike extending north from the region near Zone Timeta through Zone 1A to the limit of the Siribaya permit area. The 1B sub-structure, which includes Zone 1B, is also approximately 500 metres wide and 10.5 kilometres along strike. Beyond the Siribaya mega-structure the airborne survey also identified numerous structures on the Babara and Kofia permits in the eastern portion of the project area and additional structures on the western Siribaya Permit in the western portion of the project area. On the Babara and Kofia Permits in a large complex system completely separate and distinct from Siribaya's 1A and 1B sub-structures at least 7 significant structures aggregating over 50 kilometres have been identified. These structures, many of which have coincident geochemical anomalies, vary in orientation and range from 500 to 1000 metres wide and from 5 to 10 kilometres along strike. On the Siribaya permit, 5 kilometres west of the Siribaya mega-structure, another structural corridor approximately 500 metres wide and approximately 10 kilometres along strike bordered by magnetic lineaments has been identified. Geometrically this structure is very similar to the Siribaya mega-structure, but differing in that an extensive geochemical anomaly lies to the west of the structure and not coincident with it.

The following resource estimate was prepared by independent consultants ACA Howe International Limited and was effective January 31, 2009. An updated resource estimate including the 2009 drill results is underway.

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

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended November 30, 2009

IAMGOLD has committed to the Calendar 2010 exploration program in the amount of \$2,500,000. Planning of that program is underway.

Management believes that the Siribaya mega-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.

Gregory Isenor, P. Geo., President and Chief Executive Officer and director of the Company, and a Qualified Person as defined under NI43-101, was the person responsible for this program. He has reviewed and approved the technical information presented herein.

During the three months ended November 30, 2009, the Company incurred \$333,608 in exploration expenditures and operator fees as Operator on behalf of IAMGOLD pursuant to the Option Agreement. To date, the Company has incurred \$9,623,094 in exploration expenditures, made \$265,000 in cash payments, and issued 2,000,000 common shares with a fair value of \$440,000. In addition, \$2,727,455 in exploration expenditures and operator fees and \$129,510 in cash payments have been incurred 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 SARL ("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.

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.

Gregory Isenor, P. Geo., President and Chief Executive Officer and director of the Company, and a Qualified Person as defined under NI43-101, was the person responsible for this program. He has reviewed and approved the technical information presented herein.

During the period, the Company incurred \$Nil in exploration expenditures on the Kakadian property. As at November 30, 2009, the Company had made total cash payments of \$80,000 and incurred \$64,951 in total exploration expenditures on the property.

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended November 30, 2009

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 down 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%) 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.

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. As at August 31, 2009, with no immediate plans to further explore this property, total exploration expenditures incurred to date of \$132,005 were written down.

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. As at August 31, 2009, with no immediate plans to further explore this property, total exploration expenditures incurred to date of \$55,743 were written down.

Red Lake-Birch Lake

The Company held 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).

On December 31, 2009 the Company sold to Chrysos several properties, including the Red Lake-Birch Lake claims. As at August 31, 2009 the Company had incurred exploration expenditures of \$483,736 on the property. Based on the Chrysos sale transaction and the property valuations assigned by the Company, the exploration expenditures to date on the Red Lake property were written down as at August 31, 2009.

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 incorporated a Turkish subsidiary, Merrex Insaat Madencilik Sanayi Tasimacilik ve Ticaret Ltd. Sti. ("Merrex Turkey"), owned 90% by the Company and 10% by AgeanGold. AgeanGold

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended November 30, 2009

and its shareholders agreed to act exclusively for Merrex Turkey when securing exploration permits and that 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.

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 was the Operator during the earn-in period and received a fee as Operator. To date, \$300,000 in exploration expenditures and operator fees were incurred by the Company as Operator and paid by Roscan pursuant to the Roscan Turkey Option. By letter dated December 18, 2009 Roscan terminated the Roscan Turkey Option.

On December 31, 2009 the Company sold to Chrysos several properties, including the Turkey properties, its 90% interest in Merrex Turkey, and its strategic association with AgeanGold. Based on the Chrysos sale transaction and the property valuations assigned by the Company, the exploration expenditures to date on the Turkey properties were written down as at August 31, 2009. During the three months ended November 30, 2009, the Company incurred \$51,715 in exploration expenditures on the Turkey properties, which were written down. To date, the Company has incurred \$626,425 in exploration expenditures on the Turkey properties in addition to the \$300,000 in exploration expenditures incurred and paid by Roscan.

Other Properties

Sandbrook Property

Effective December 21, 2007, the Company optioned the Sandbrook gold prospect in New Brunswick. The Company acquired a 15% vested interest by making a cash payment of \$134,280 and had the right to acquire an additional 35% interest by incurring \$350,000 in exploration expenditures by June 30, 2009. In May 2009 the Company terminated its option on the Sandbrook Property and converted its vested 15% participating interest into a 1% Net Smelter Return royalty subject to a 50% buy-back for \$500,000.

The Sandbrook 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.

As at August 31, 2009, the exploration expenditures of \$134,280 to date on the property were written down, as the claim holder has no plans to explore the property. During the three months ended November 30, 2009 the Company incurred exploration expenditures of \$Nil on the property.

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 2009, the Company terminated the option agreement. Accordingly, total property costs to date of \$170,409 were written off.

Cape Breton Regional Zinc Claims, Nova Scotia and Eastville Prospect, Nova Scotia

The Company had staked 257 claims in Cape Breton, Nova Scotia over four properties: Middle River, Baddeck Forks, River Denys and West Bay. These four claim groups have been identified as having geologic potential to host Jubilee-style zinc-lead mineralization. The company 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. The Company also staked 84 claims under three licenses over a prospective zinc occurrence in Eastville, Nova Scotia. These properties were included in the Chrysos sale at December 31, 2009 and future exploration plans will be determined by Chrysos.

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended November 30, 2009

Winterland, Newfoundland

The Company holds 32 claims under one license near Winterland, Newfoundland over a prospective zinc/molybdenum occurrence. As at August 31, 2009, exploration expenditures of \$94,789 to date on the property were written down as the Company has no plans to further develop this property in the near future.

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 \$168,000, 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 Company's exploration plans for the Crackingstone property for 2010 will be subject to obtaining additional financing.

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 November 30		Years Ended August 31		
	2009	2008	2009	2008	2007
	\$	\$	\$	\$	\$
OPERATIONS					
Revenue	Nil	Nil	Nil	Nil	Nil
Net Loss	(423,675)	(345,062)	(2,188,653)	(4,690,672)	(1,291,451)
Basic and diluted loss per share	(0.01)	(0.01)	(0.03)	(0.08)	(0.03)
BALANCE SHEET					
Working capital (deficiency)	447,170	(3,351,632)	(1,602,068)	(2,648,895)	3,886,672
Total assets	19,420,426	17,798,898	18,443,189	17,716,186	18,039,233
Total deferred exploration expenditures and property costs	17,991,607	17,555,756	17,990,563	17,139,940	12,687,285

The Company's total assets are generally increasing due to the acquisition and exploration of mineral properties. Total assets increased this quarter compared to the same quarter in the previous year, due to an increase in cash related to the exercise of options and warrants and an increase in deferred exploration expenditures as a result of exploration spending in 2009.

RESULTS OF OPERATIONS

The Company had a net loss of \$423,675 for the three months ended November 30, 2009 compared to a net loss of \$345,062 for the three months ended November 30, 2008. The increase in net loss was primarily due to higher stock based compensation expense related to the timing of vesting of stock options and higher write-down of resource properties related to expenditures on the Turkey properties. These higher expenses were offset by a foreign exchange gain on US dollar payables, the partial recovery of an exploration advance, and operator fees earned by the Company.

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended November 30, 2009

Administrative Expenditures

Total administrative expenses for the three months November 30, 2009 were \$478,928 compared to \$325,644 for the same period in 2008. The overall increase in costs was due to specific items as follows:

Consulting fees decreased to \$21,472 compared to \$53,130 for the same period in the previous year due to a decrease in property investigation efforts and a reduction in investor relations consulting resources.

Director fees were lower at \$5,600 for the three months ended November 30, 2009 compared to \$12,150 in the same period in 2008 due to fewer directors compared to the previous period.

Management fees were \$71,875 for the three months ended November 30, 2009 compared to \$55,999 for the same period in the previous year due to an increase in management fees effective the last quarter of fiscal 2009.

Marketing and public relations costs of \$6,587 in the quarter were lower than costs of \$10,158 in the same quarter the previous year due to reduced attendance at trade shows in the current quarter.

Stock-based compensation expense for the period increased to \$215,504 compared to \$52,785 for the same period in the prior year due to the timing of vesting of options.

Travel and business development increased to \$28,608 for the three months ended November 30, 2009 compared to \$15,256 for the same period in the previous year, due to additional travel associated with the Chrysos transaction.

Other Recoveries (Expenses)

Operator fees earned in the three months ended November 30, 2009 increased to \$24,899 compared to \$6,420 for the same period in 2008. In the current period, operator fees are being earned on the Siribaya project whereas in the same period of the previous year, operator fees were being earned on the Turkey project. Operator fees on the Siribaya project are higher due to significantly higher project spending.

The Company recorded a foreign exchange gain of \$62,223 in the quarter, compared to an exchange loss of \$911 for the same quarter in the previous year. The gain related to foreign denominated accounts payable that were paid in the quarter.

Write-down of resource properties increased to \$51,715 in the quarter compared to \$6,397 for the same quarter the previous year, due to the write-down of the spending on the Turkey properties.

Recovery of advance receivable increased to \$25,000 this quarter from \$Nil in the same quarter the previous year, due to the partial repayment of an advance to a related company that had previously been written off.

Interest income decreased to \$Nil in the three months ended November 30, 2009 compared to \$3,917 in the same quarter of prior year, due to interest earned in the prior year on an HST refund.

Interest and bank charges decreased to \$5,154 in the quarter compared to \$22,447 for the same quarter the previous year. The interest expense in the prior year primarily relates to interest owing due to the timing of spending of flow-through funds.

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended November 30, 2009

SUMMARY OF QUARTERLY RESULTS

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

	Nov 30 2009	Aug 31 2009	May 31 2009	Feb. 28 2009	Nov. 30 2008	Aug. 31 2008	May 31 2008	Feb. 29 2008
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net income (loss) before taxes	(423,675)	(2,043,831)	(240,206)	440,446	(345,062)	(4,233,245)	(696,755)	(587,587)
Net earnings (loss)	(423,675)	(2,043,831)	(240,206)	440,446	(345,062)	(2,891,245)	(696,755)	(587,587)
Basic and diluted earnings (loss) per share	(0.01)	(0.03)	(0.00)	0.01	(0.01)	(0.05)	(0.01)	(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 quarters ended August 31, 2009 and August 31, 2008, in which the net loss was due to a write-down of resource properties, and the quarter ended February 28, 2009, in which the net income was due to a gain on the sale of a resource property. Administrative expenses averaged \$351,982 per quarter in fiscal 2009 compared to \$461,461 per quarter in fiscal 2008, due to overall cost cutting measures including cost reductions in office staff and rent, investor relations, marketing, professional fees, and travel and business development.

LIQUIDITY AND CAPITAL RESOURCES

	November 30, 2009 \$	August 31, 2009 \$	May 31, 2009 \$	February 28, 2009 \$
Working capital	447,170	(1,602,068)	(1,259,776)	(2,625,452)
Deficit	(19,935,887)	(19,512,212)	(17,468,381)	(17,228,175)

Cash used in operating activities was \$522,466 for the three months ended November 30, 2009 compared to cash provided by operating activities of \$121,083 for the same period in the previous year, primarily due to the use of cash to reduce accounts payable in the current period compared to the collection of a significant tax receivable in the same period the prior year.

Cash used in investing activities for the period increased to \$745,146 compared to \$115,208 for the same period in the previous year, primarily due to the payment of resource property payables in the current period.

Cash provided by financing activities for the period was \$2,263,071 compared to \$Nil for the same period the prior year. The exercise of options and warrants during the period generated \$2,238,071 and the partial collection of an advance receivable generated \$25,000. In the previous year, the availability of capital was significantly diminished as a result of world credit market issues.

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 continues to be diminished as a result of world credit market issues. Equity available to mineral exploration companies has been sharply reduced for nearly two years, affecting the Company negatively. However, due to a recent increase in share price, the Company has generated \$2.9 million from the exercise of options and warrants. This funding, combined with operator fees from the Siribaya project, provides the Company with sufficient cash to meet its current obligations and fund its administration costs for the 2010 fiscal year. The Company will require an additional \$2.0 million to fund exploration expenditures on its Crackingstone property by December 31, 2010 to maintain the option agreement in good standing. There can be no assurance that the Company will be successful in securing this additional funding.

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended November 30, 2009

In April and May 2009, the Company issued 8,474,300 Units at \$0.20 per Unit for gross proceeds of \$1,694,860. Each Unit is comprised of one common share and one common share purchase warrant exercisable until May 28, 2010 at an exercise price of \$0.30 per share. 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 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 share purchase warrants were exercised in December 2009.

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 November 30, 2009, the Company has working capital of \$447,170 as compared to working capital deficiencies of \$1,602,068 at August 31, 2009 and \$3,351,632 at November 30, 2008 as follows:

	November 30, 2009 \$	August 31, 2009 \$	November 30, 2008 \$
Cash and cash equivalents	1,297,379	301,920	67,334
Prepaid expenses	21,050	25,675	22,144
Taxes and other receivables	24,155	9,220	21,370
Exploration advances	46,001	55,195	53,200
Accounts payable and accruals	(805,804)	(1,906,610)	(3,366,308)
Exploration advances payable	(110,611)	(87,468)	(4,372)
Related party advance payable	(25,000)	-	(145,000)
WORKING CAPITAL	447,170	(1,602,068)	(3,351,632)

RELATED PARTY TRANSACTIONS

During the three months ended November 30, 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 and office staff expenses \$81,875 (2008 - \$62,250) to a director of the Company, to a corporation of which a director and officer is a shareholder, and to a member of the immediate family of a director and officer of the Company. Of this amount, \$77,125 (2008 - \$56,000) was charged to loss for the period, \$4,750 (2008 - \$Nil) was included in exploration advances receivable, and \$Nil (2008 - \$6,250) was included in deferred exploration expense;
- For directors' fees \$5,600 (2008 - \$12,150) to non-executive directors of the Company which was charged to loss for the period;
- For office rent, related overhead expenses, and vehicle rental \$Nil (2008 - \$3,870) to corporations of which directors are shareholders. Of this amount, \$Nil (2008 - \$3,870) was charged to loss for the period; and
- For professional services \$21,875 (2008 - \$11,500) to a director and officer which was charged to loss for the period.

Included in accounts payable and accrued liabilities are amounts owing to directors and officers and corporations in which directors and officers are shareholders totalling \$348,654 (2008 - \$320,174). During the period, the Company received \$25,000 in repayments of advances to, and was advanced \$25,000 from, a company in which an officer and director is a director (2008: \$Nil). The original amount advanced of \$55,703 had been written off in August 2008. The additional amount advanced to the Company was repaid in December 2009. Amounts payable to and receivable from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended November 30, 2009

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 and the loan to the related party which were not in the ordinary course of business and were measured at the carrying amount.

CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

a) Recently adopted accounting pronouncements

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 adopted 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. The implementation of this standard did not have a material impact on the Company's financial statements.

b) Recently issued accounting pronouncements:

IFRS

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.

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.

MERREX GOLD INC.

Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended November 30, 2009

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.

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 82,549,626 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	745,000	September 29, 2013
\$0.25	3,350,000	June 6, 2014
	<u>7,315,000</u>	

Warrants outstanding:

Exercise Price	Number of Shares	Expiry Date
\$0.30	2,145,000	April 29, 2010
\$0.30	4,495,000	May 28, 2010
	<u>6,640,000</u>	

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 2009 Management Discussion and Analysis, which is available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.