

# THE ATTACHED CONSOLIDATED AUDITED FINANCIAL STATEMENTS FORM AN INTEGRAL PART OF THIS MANAGEMENT DISCUSSION AND ANALYSIS AND ARE HEREBY INCLUDED BY REFERENCE

## Management Discussion and Analysis as of October 24, 2007

Rockgate Capital Corp. ("Rockgate" or the "Company") was incorporated in the Province of British Columbia on November 23, 2004 under the Business Corporations Act of British Columbia. The Company was classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange (the "Exchange") Policy 2.4 and its common shares became listed on the Exchange in October 2005.

Effective April 25, 2006 Rockgate completed its qualifying transaction consisting of an option to earn up to a 65-per-cent undivided interest in the Ixtapan gold project from Oro Gold Resources ("Oro"). Upon completion of this transaction the Exchange reclassified the Company as a Tier 2 listed company under the trading symbol RGT.

Under the terms of the Oro option agreement, the Company could earn a 51-per-cent interest by issuing 100,000 shares to Oro and incurring \$200,000 (U.S.) in expenditures on the property within one year ("Ixtapan Phase One"). The Company could earn an additional 9-per-cent interest by incurring a further \$300,000 (U.S.) in expenditures on the property and by issuing a further 100,000 shares to Oro by the second anniversary. The Company could earn an additional 5-per-cent interest by incurring a further \$500,000 (U.S.) in expenditures on the property and by issuing a further 150,000 shares to Oro by the third anniversary.

Prior to the fiscal year end at June 30, 2006 the Company issued the first 100,000 shares to Oro and finalized its first phase work plan for Ixtapan in conjunction with Oro Gold management. During the quarter ended March 31, 2007 the Company completed Ixtapan Phase One and has now earned an undivided 51% interest in the Ixtapan Gold Property. The Company is continuing to evaluate the results from Ixtapan to date, and at this time the property is under the care of Oro as operator.

On November 29, 2006 the Company entered into an option agreement to earn a 60-per-cent interest in the Falea uranium-copper property in southwestern Mali, West Africa, from Delta Explorations Inc. ("Delta"). The Falea uranium-copper property covers an area of 150 square kilometers. Under the terms of the option agreement, Rockgate can earn a 60-per-cent undivided interest in the property from Delta by incurring a total of \$1.5-million in exploration expenses within two years of the date of receipt of TSX Venture Exchange approval. Subsequent to June 30, 2007, the Company exercised its option and earned its 60% interest in the property.

During November 2006 the Company engaged PI Financial Corp. to act as exclusive agent on a commercially reasonable efforts basis to raise up to \$3.7-million by issuing up to 9.25 million units of Rockgate at 40 cents per unit. The Company completed the brokered private placement, for gross proceeds of \$3.7-million. A total of 9,748,700 units at a purchase price of 40 cents per unit have been issued, including 498,700 units issued to the Company's agent, PI Financial Corp., in partial satisfaction of its commission. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant is exercisable into one additional common share of Rockgate at an exercise price of 60 cents per common share until expiry on July 10, 2008. The balance of commission due to the agent in the amount of \$64,520 was satisfied in cash. The agent was also paid a corporate finance fee of \$15,000. In addition, the agent and members of its selling group have been issued agent's options for the purchase of up to 880,000 common shares at a price

of 45 cents per share, exercisable until expiry on July 10, 2008. All securities issued pursuant to the private placement were subject to a hold period which expired on May 11, 2007. The net proceeds of the financing will be used to finance exploration work on the Falea uranium-copper exploration project in Mali, West Africa, and for working capital.

During April 2007 the Company completed a non-brokered private placement for gross proceeds of \$3.3-million. A total of 1.5 million units at a purchase price of \$2.20 per unit have been issued. A further 87,900 units have been issued to finders in connection with the private placement. Each unit warrant is exercisable into one additional common share of the company at an exercise price of \$2.70 per common share for a period of 24 months. In addition, the finders have also been issued 117,200 finders' warrants; each finder's warrant is exercisable into one additional common share of the company at an exercise price of \$2.75 per common share for a period of 24 months. All securities issued pursuant to the private placement were subject to a hold period which expired on Aug. 25, 2007. The net proceeds of the financing will be used to finance exploration work on the company's Falea uranium-copper exploration project in Mali, West Africa, and for working capital

Since the end of quarter , the Company has issued an additional 3,151,427 common shares for proceeds of \$1,163,806 pursuant to the exercise of existing warrants. The proceeds have been added to the Company's working capital. Additionally, 200,000 shares were issued to Delta at a deemed value of \$80,000 in connection with the exercise of the Falea option agreement.

In May 2007 the Company announced that it had entered into an agreement to acquire a 100-per-cent interest in two existing claims, and has completed the staking of additional contiguous lands to total approximately 1,000 square kilometres near Bathurst Inlet, Nunavut, Canada. The acquisition is made pursuant to an arm's-length option and agreement of purchase and sale with the vendor, whereby the company may acquire a 100-per-cent interest in the Bathurst project claims for a purchase price, including staking costs, of \$2-million. There are no royalties payable or securities issuable in connection with the acquisition. A payment of \$240,000 has been paid by the company to finance staking costs, which payment will be credited toward the purchase price. Additionally, an initial payment to the vendors of \$100,000 was paid upon completion of the consolidation of all claims comprised in the Bathurst project. The company may exercise its option and complete the purchase of the claims six months following the initial payment by paying a further \$100,000 to the vendors and issuing a limited recourse promissory note for the balance of the purchase price. Pursuant to the note, the balance of the payments due to the vendors will be payable over a six-year period and the vendor's recourse in the event of a default under the note will be limited to the recovery of the Bathurst project claims. Purchase price payments will be made by the company from its working capital. Where applicable the transaction is subject to the necessary regulatory approvals

## Trend Analysis

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

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

### Selected Financial Data

[Annual]

(Expressed in Canadian Dollars)

	Year Ended June 30		Inception to June 30
	2007	2006	2005
Net Operating Revenues	\$ 91,778	(Restated) 4,878	0
Net income (loss)	\$ (4,642,080)	(249,451)	(26,088)
Income (Loss) per share	\$ (0.32)	(0.07)	(0.04)
Share capital per Canadian GAAP	\$ 9,564,492	1,217,130	100,000
Common shares issued	25,281,857	9,050,000	2,000,000
Weighted average shares outstanding per Canadian GAAP	14,293,555	4,292,329	663,737
Total Assets	\$ 7,994,027	1,060,704	91,464
Net Assets (liabilities)	\$ 6,353,083	1,010,850	73,912
Cash Dividends Declared per Common Shares	\$ 0	0	0
Exchange Rates (Cdn\$ to U.S.\$) Period Average	\$ 0.8830	0.8599	0.8123

## Overview

Under two separate option agreements - Rockgate was granted options to earn up to:

1. a 65-per-cent undivided interest in the Ixtapan gold property, located 120 kilometers west of Mexico City, Mexico. The property is approximately 4,190 hectares in size and forms part of a larger mineral concession held by Oro (approximately 8,730 hectares in size). Rockgate holds no interest in the other areas comprised in the concession; and
2. a 60-per-cent undivided interest in the Falea uranium-copper property located in Mali, West Africa. Consideration is 350,000 common shares and \$1.5-million in exploration expenditures of which the shares and \$300,000 must be expended within the first year.

Additionally, in May 2007 the Company announced that it had entered into an agreement to acquire a 100-per-cent interest in two existing claims, and has completed the staking of additional contiguous lands to total approximately 1,000 square kilometres near Bathurst Inlet, Nunavut, Canada.

### *Falea Uranium-Copper Property*

The Falea uranium-copper property covers an area of 150 square kilometers and overlies a Neoproterozoic sedimentary basin surrounded by older Birrimian greenstones.

A total of 86 widely spaced diamond drill holes were completed by Cogema in the early 1980s to evaluate the prospectivity of a 100-square-kilometre portion of the Falea basin. Uranium and copper mineralization were found to occur in the lower portion of the basin, in the Kania sequence of interbedded conglomerates, sandstones and black sulphide and stromatolite-rich argillites. Down-hole radiometric surveys from Cogema's diamond drilling program confirmed that all radiometric anomalies occur within the Kania sequence, which is up to 26 meters thick.

In February 2007 Delta signed a contract with BLY Mali SA, a subsidiary of Boart Longyear Inc., to provide diamond drilling services on the Falea uranium-copper property. During the quarter ended March 31, 2007 mobilization of the drilling equipment and technical team to Falea was completed and diamond drilling commenced immediately thereafter. Phase one of the drilling program is expected to drill a minimum of 5,000 metres, testing the Kania formation, a favourable stratigraphic horizon for uranium and copper mineralization as indicated by historical results obtained by Cogema in the late 1970s and early 1980s.

Until June 30, 2007 Delta was the operator of the Falea project. Effective July 1 the Company took over as operator having earned its 60% interest in the project. Diamond drilling at Falea has continued with over 50 holes completed so far.

### *Bathurst Inlet Property*

The acquisition is made pursuant to an arm's-length option and agreement of purchase and sale with the vendor, whereby the company may acquire a 100-per-cent interest in the Bathurst project claims for a purchase price, including staking costs, of \$2-million. There are no royalties payable or securities issuable in connection with the acquisition. A total of \$240,000 has been paid by the company to finance staking costs, which payment will be credited toward the purchase price. An initial payment to the vendors of \$100,000 will be payable upon completion of the consolidation of all claims comprised in the Bathurst project, which is expected to be completed before the end of the month. The company may exercise its option and complete the purchase of the claims six months following the initial payment by paying a further \$100,000 to the vendors and issuing a limited recourse promissory note for the balance of the purchase price. Pursuant to the note, the balance of the payments due to the vendors will be payable over a six-year period and the vendor's recourse in the event of a default under the note will be limited to the recovery of the Bathurst project claims. Purchase price payments will be made by the company from its working capital. Where applicable the transaction is subject to the necessary regulatory approvals

The two core claims, Pomy and Upits, overlie an area sampled by Cominco for uranium, gold and silver in the mid 1970's. The southern Pomy Claim, based on historical information, is reported to contain historical grab samples of 4.35% U3O8 in arkose, and 6.5% U3O8 in basalt. Trench sampling returned 2.10% U3O8 over 4 metres along the arkose/basalt contact.

The Upits claim, located approximately 60 kilometres north, north-west of the Pomy claim contains subcroppings of quartz veins that returned grab samples of up to 5.55% U3O8 and 14.50 oz per tonne gold. The targets have never been drill tested. Rockgate management advises that the results are historical in nature, are not substantiated by work completed by the Company and are not to the standards of NI 43-101.

Rockgate's Bathurst Project is located along the west side of Bathurst Inlet over a large Proterozoic, sedimentary basin with known uranium occurrences. The mineralization is situated near the basal angular unconformity and is in close proximity to a large regional fault structure known as the Bathurst Inlet Fault.

During the summer 2007 exploration season the Company completed a 7,300-kilometre AeroTEMII/radiometric airborne geophysical survey as well as a significant ground based prospecting, sampling, trenching and mapping program. Based upon results from the 2007 exploration work, management is in planning stages for a 2008 drilling program.

### *Ixtapan Gold Property*

Under the terms of the option agreement, Rockgate could acquire an initial 51-per-cent interest in the gold project by incurring \$200,000 (U.S.) in expenditures on the project within one year of the date of TSX Venture Exchange acceptance of the agreement and issuing 100,000 shares to Oro Gold. Rockgate has two further options to acquire in total an additional 14-per-cent interest (for a total 65-per-cent interest) in the gold project by incurring in total an additional \$800,000 (U.S.) on the project over a two-year period and issuing in total an additional 250,000 shares to Oro Gold. Oro Gold will be the operator during the first year and receive a cash payment of \$20,000 (U.S.) as a management fee.

Prior to the fiscal year end at June 30, 2006 the Company issued the first 100,000 shares to Oro and finalized its first phase work plan for Ixtapan in conjunction with Oro Gold management. During the quarter ended March 31, 2007 the Company completed Ixtapan Phase One and has now earned an undivided 51% interest in the Ixtapan Gold Property. The Company is continuing to evaluate the results from Ixtapan to date, and at this time the property is under the care of Oro as operator.

### **Results of Operations**

During the year the Corporation has incurred expenses of \$4,620,523 [2006: \$254,329]. The bulk of the expenses were directly related to the exploration work conducted at Falea and Ixtapan during the year. Significant expenses were incurred or accrued related to the brokered private placement and the non-brokered private placements. During the year extensive travel was required by management to oversee work in Mali and to attend industry trade shows, those expenses were recorded in the period. Since the completion of the Company's IPO the level of expenses have increased due to the increased activity required to locate and research prospects for a Qualifying Transaction and once found to complete the transaction and commence operations. Due to the increase in the Company's level of operations, significant expense has been incurred for management of the Company.

The Company will use its available resources to pursue its operations at Falea, Bathurst Inlet and Ixtapan as applicable.

### **Fluctuations in Results**

Comparison to the prior period is difficult since the prior period only reports the work required to complete the Qualifying Transaction. Effective in April 2006 the Company began its exploration effort at Ixtapan, Mexico. The exploration consisted mainly of diamond drilling which was completed in the current year. For much of the year-ended June 2007 the Company was heavily involved in a much larger exploration effort in Mali, West Africa. Exploration expense was \$3,235,287 in 2007 compared with \$40,000 in 2006. In that the Company's operations had not vigorously commenced in 2006, and

all management personnel did not come on stream until 2007; the 2007 Management fees were \$209,503 compared to \$nil in 2006. In conjunction with the increased operations activity, completion of two significant private placements, and the addition of key management, Stock-based compensation increased to \$935,000 in 2007 from \$40,000 in 2006.

### **Liquidity and Capital Resources**

Since the Company is organized in Canada, the Company's June 30, 2007 financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

As at June 30, 2007 and 2006 the Company had accumulated losses totaling \$4,914,460 and \$272,380 respectively. The Company had working capital of \$5,907,468 as at June 30, 2007 compared with \$970,850 at the June 30, 2006 year-end. As at March 31, 2007 the Company had cash and equivalents on hand of \$7,471,514.

**Selected Financial Data [Quarterly - unaudited]**

(Expressed in Canadian Dollars)

	Quarter Ended							
	6/30/2007	3/31/2007	12/31/2006	9/30/2006	6/30/2006	3/31/2006	12/31/2005	9/30/2005
Net Revenues	\$ 58,505	29,644	1,282	2,347	7,062	975	0	0
Net income (loss)	\$ (2,744,328)	(1,570,537)	(252,746)	(74,469)	(156,001)	(45,038)	(52,736)	(32,517)
Income (loss) per share from continued operations	\$ (0.20)	(0.08)	(0.03)	(0.01)	(0.03)	(0.01)	(0.01)	(0.02)
Share capital per Canadian GAAP	\$ 9,564,492	5,523,048	1,249,905	1,217,130	1,217,130	660,190	300,000	100,000
Common shares issued	25,281,857	20,036,200	9,145,000	9,050,000	9,050,000	5,949,800	4,000,000	2,000,000
Weighted average shares outstanding per Canadian GAAP	22,659,029	14,590,600	9,145,000	9,050,000	4,292,329	4,000,000	3,926,868	2,000,000
Total Assets	\$ 7,994,027	4,089,313	942,587	998,574	1,020,704	524,968	191,519	75,146
Net Assets (liabilities)	\$ 6,353,083	3,388,501	685,896	896,382	970,850	522,703	188,659	41,395
Cash Dividends Declared per Common Shares	\$ 0	0	0	0	0	0	0	0

## **Additional Disclosure for Venture Issuers Without Significant Revenue**

*(a) Rockgate was only recently incorporated, and has just recently commenced commercial operations. It has no history of earnings, and shall not generate earnings or pay dividends in the foreseeable future;*

*(b) the directors and officers of the Company will only devote a portion of their time to the business and affairs of Rockgate and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;*

*(c) there can be no assurance that an active and liquid market for the Company's Common Shares will develop and an investor may find it difficult to resell its Common Shares;*

*(d) there is no assurance that the exploration work disclosed herein will be successful in its quest to find a commercially viable quantity of mineral resource;*

*(e) Rockgate has only limited funds with which to explore its properties and to identify and evaluate other opportunities there can be no assurance that the Company will be able to complete either with the funds on hand;*

*(f) The Company has a history of operating losses and may have operating losses and a negative cash flow in the future;*

*(l) the Company's commercial efforts may be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of Rockgate;*

## **Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements.

## Table of Contractual Obligations

<i>Contractual Obligations:</i>	<i>Payments Due by Period:</i>
<p><b>Option From</b></p> <p>To earn an additional 9% of the Ixtapan project, by April 25, 2008</p> <p>To earn an additional 5% of the Ixtapan project, by April 25, 2009</p>	<p><b>Oro Gold Resources Ltd.</b></p> <p>Complete \$300,000 USD in work expenditures, and issue 100,000 shares to Oro Gold Resources</p> <p>Complete \$500,000 USD in work expenditures, and issue 150,000 shares to Oro Gold Resources</p>
<p><b>Option to Purchase From</b></p> <p>\$1,660,000</p>	<p><b>Bathurst Inlet Developments (1984) Ltd.</b></p> <p>The Company may exercise its option and complete the purchase of the claims by paying a further \$100,000 to the vendors in November 2007 and issuing a limited recourse promissory note for the balance of the purchase price. Pursuant to the note, the balance of the payments due to the vendors will be payable over a six-year period and the vendor's recourse in the event of a default under the note will be limited to the recovery of the Bathurst project claims.</p>

## Related Party Transactions

Included in accounts payable and accrued liabilities as at June 30, 2007 is \$30,294 (2006: \$2,883) owing to a director of the Company for the recovery of expenses paid on behalf of the Company. This amount is unsecured, non-interest bearing with no specific terms for repayment.

For the year ended June 30, 2007, the Company paid \$13,307 (2006: \$21,000) to a company controlled by a former director of the Company for rent and administrative services. During the year ended June 30, 2007, the Company relocated to new offices and the former agreement was terminated. In the new premises the rent is paid to a private company controlled by an officer of the Company and in which a second officer and director is a significant shareholder; under a new services agreement, the Company has arranged for office premises and administrative services on an annual basis for \$30,000 per year. The services agreement can be terminated by either party with six months notice. Under the new services agreement the Company paid \$10,000 (2006: \$Nil) for rent and administrative services.

For the year ended June 30, 2007, the Company paid \$75,000 (2006: \$Nil) to a private company controlled by a director of the Company for the professional services of that director as President of the Company; \$22,603 (2006: \$Nil) to a private company in which a director of the Company is a significant shareholder for the professional services of that director as Chief Financial Officer; \$92,500 (2006: \$Nil) to a private company controlled by a director of the Company for the professional services of that director as Vice President - Exploration of the Company; and \$30,000 (2006: \$Nil) to an officer of the Company for his professional services as Vice President – Corporate Development of the Company. These amounts have been included in management fees. These charges are measured by the exchange amount which is the amount agreed upon by the transacting parties.

## Critical Accounting Estimates

There are no critical accounting estimates.

## Changes in Accounting Policies

During the year ended June 30, 2007, the Company changed its accounting policy for the treatment of mineral property acquisition costs. Previously, the Company expensed such costs. These costs are now capitalized as incurred. Management judges that this policy provides reliable and more relevant information because it results in a more transparent treatment of mineral property costs and is consistent with local industry practice, making the Company's financial statements more comparable. This change in accounting policy has been accounted for retrospectively and the comparative financial statements for the year ended June 30, 2006 have been restated. Opening retained earnings for June 30, 2006 have been reduced by \$40,000, which is the amount of the adjustment relating to periods prior to June 30, 2007.

## Share Capital Data

The following table sets forth the Company's share capital data as at October 22, 2007:

Common Shares -issued & outstanding	28,663,284		
Warrants	7,587,619	Expiry: 07/10/2008	Exercise price: \$0.60
Warrants	261,897	Expiry: 07/10/2008	Exercise price: \$0.45
Warrants	1,587,900	Expiry: 04/24/2009	Exercise price: \$2.70
Warrants	117,200	Expiry: 04/24/2009	Exercise price: \$2.75
Share Purchase Options	300,000	Expiry: 10/12/2010	Exercise price: \$0.10
Share Purchase Options	500,000	Expiry: 11/28/2011	Exercise price: \$0.40
Share Purchase Options	950,000	Expiry: 01/18/2012	Exercise price: \$0.75
Share Purchase Options	550,000	Expiry: 09/21/2012	Exercise price: \$1.31

## Fourth Quarter

There were no fourth quarter events or items that affected the Company's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments. The Company's operations are not seasonal.

## Subsequent Events

- The Company issued 3,151,427 common shares pursuant to the exercise of share purchase warrants for total consideration of \$1,163,806.
- The Company granted 550,000 share purchase options at an exercise price of \$1.31 per share exercisable until September 21, 2012.

## Further Information

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