

## **EVERTON RESOURCES INC.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JANUARY 31, 2010.**

The following Management Discussion and Analysis ("MD&A") of the operating results, financial condition and future prospects of Everton Resources Inc. (the "Company" or "Everton"), current as of March 26, 2010, should be read in conjunction with the unaudited consolidated financial statements of the Company and notes thereto for the three months ended January 31, 2010 as well as the Company's audited consolidated financial statements and notes thereto for the fiscal years ended October 31, 2009 and 2008. Said financial statements were prepared in accordance with Canadian generally accepted accounting principles. The reporting currency is in Canadian dollars. Unless specified as \$US, references in this MD&A to dollars are to Canadian dollars.

This MD&A contains certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future exploration drilling activities and events or developments that the Company expects, are forward-looking statements. Such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, continued availability of capital and financing and general economic, market or business conditions.

#### **Nature of Business**

Everton Resources Inc. (the "Company" or "Everton") is a Canadian mineral exploration and development company engaged in the acquisition and exploration of mineral properties, primarily in Ontario, the Dominican Republic and Quebec, with the aim of discovering commercially exploitable deposits of minerals (primarily precious metals) which can either be placed into production by the Company or disposed of for a profit to companies that wish to place such deposits into commercial production. Common shares of the Company are listed for trading on the TSX-V under the symbol "EVR". The Company's head office is in Montréal, Québec.

#### **Exploration Activities**

Details of the Company's Deferred Exploration Expenditures during the period ended January 31, 2010 is included in Mining Property Book Values. The Company incurred Deferred Exploration Expenditures of \$684,340 during the period, of which approximately 72% of the total spent in the Dominican Republic, 2% in Quebec and 26% in Ontario. Also, during the period, the Company incurred mineral property costs for \$206,939 which consisted of properties' option payments.

##### Dominican Republic

In the Dominican Republic, the Company incurred exploration expenditures of \$494,733 during the quarter with 83% on the Linear Gold option Ampliacion Pueblo Viejo project, 8% on the Ponton (former Loma Hueca) concession and 9% on the other concessions, mainly for reconnaissance mapping and maintenance.

##### *Ampliacion Pueblo Viejo*

The Ampliacion Concession consists of 4,045 hectares adjacent to the northern edge of Barrick/Goldcorp's 22.4 million ounce Pueblo Viejo mine. The Company incurred exploration expenses of \$410,903 on Ampliacion during the quarter, essentially in diamond drilling and detailed follow-up mapping.

The Company can earn an undivided 50% interest in the Ampliacion Concession by making cash payments totaling US\$700,000, work commitments of US\$2,500,000 and issuing 1,200,000 Everton common shares over a three-year period. The Company can acquire a 65% interest in the concession by incurring all additional expenditures on the concession to the completion of a bankable feasibility study and by paying Linear US\$2,000,000 and issuing 1,000,000 additional Everton common shares.

A drilling program conducted in 2006 by Barrick/Goldcorp at the Pueblo Viejo Mine has outlined new mineralized trends that define a NNW corridor. Drill intercepts of 2.98 g/t gold over 117.7 meters (hole DPV06-04), 10.18 g/t gold over 9.87 meters (hole DPV06-12), 3.0 g/t gold over 108.4 meters (hole DPV06-03), and 5.31 g/t gold over 23.5 meters (hole DPV06-06) were cut in the extensions of the pits at Pueblo Viejo (Barrick presentation, NRSA,

April 2-3, 2007). Gold-in-soil anomalies from a test line located on the Ampliación concession north of the Pueblo Viejo mine suggests that the new mineralized trend found by Barrick/Goldcorp may extend onto the Ampliación concession.

Los Ranchos carbonaceous units show clear evidence of hydrothermal activity characterized by extensive advanced argillic alteration. The inference is that the Hatillo limestone may have acted as an impermeable lithocap and thus having a decisive factor in the creation and preservation of the Pueblo Viejo deposit.

To date, Everton and Linear Gold completed an integrated and aggressive exploration program on the Ampliación Pueblo Viejo concession including a thorough 100-meter spaced line helicopter-borne electromagnetic and magnetic survey totaling 710 line-km, a comprehensive mapping survey including the collection of 1,760 rock samples, a 3,000-soil sample survey, a total of 31 line-km of induced polarization (“IP”) survey and 15 line-km of horizontal loop electromagnetic (“HLEM”) survey, 794 meters of trenching on the La Lechoza Target and two shallow diamond drill holes in the central part of the concession. This exploration program allowed at delineating at least 11 large-scale first priority drill targets, namely Silica Ridge, Colorado, Miguel de Pena, Finca Miniél and Montenegro North. Those targets are characterized by the coincidence of a strong dispersion of epithermal-related soil anomaly pathfinder elements, zones of strong *gossan* development and extensive zones of advanced argillic and massive silicification associated with N-S and NW-SE structures parallel to those of the mineralizing system at the Pueblo Viejo gold project.

During the quarter, the Company and its partner Linear Gold have pursued the 8,000-meter diamond drilling program previously announced in June, 2009. The partners also announced the discovery of the Central Gossan gold-copper Showing located between the La Lechoza and the La Lechoza West prospects in the central part of the Ampliación Pueblo Viejo Project.

Follow-up on soil anomalies within the La Lechoza Corridor identified this new undocumented Central Gossan gold-copper Showing. Recent rock and soil auger sampling in this Corridor has yielded values up to 5.8 g/t gold and 0.48% copper in rock samples, and up to 396 ppb gold, 1,475 ppm copper and 2,970 ppm zinc in different soil samples within the Central Gossan gold-copper Showing. The samples were collected on a grid that extends for more than 200 meters in length and over 40 meters wide.

Everton and Linear completed on December 21<sup>st</sup>, 2009, a second phase of the 8,000-meter drilling program announced in June 2009, with 9 holes for 761 meters mainly on the 1.5-km long La Lechoza Target. Assay results intersected up to 1.27% copper over 15.0 meters and 1.23 g/t gold over 14.0 meters in hole APV09-23, and 83.72 g/t silver over 22.0 meters in hole APV09-24 in the Spanish Pit zone.

The third phase of the drilling program started in mid-January 2010 was completed on February 14, 2010 with 10 holes for 957 meters. The drill program was designed to test mineralization previously drilled with AirTrack drilling in the 1980s and core drilling in 2003 and 2004. The drilling is targeted around the main La Lechoza Prospect in the sectors named North Hill (original surface showing), Spanish Pit, a gossan zone approximately 250 meters to the southwest, and the newly discovered sector Pon Hill is located a further 200 meters southwest of Spanish Pit. The total extension of the mineralization is estimated to be 450 meters by 200 meters. Values up to 11.18 g/t gold, >300 g/t silver, 3.03% copper were returned from this drilling campaign.

Partial results released to date from the third drilling phase include:

- **APV10-01:** 1.08 g/t Au over 8.0 meters;
- **APV10-02:** 1.16% Cu over 11.5 meters; 0.8% Cu over 26.0 m, incl. 1.16% Cu over 11.5 m;
- **APV10-03:** 5.8 g/t Au, 59.4 g/t Ag and 1.19% Cu over 4.5 meters;
- **APV10-04:** 0.44 g/t Au over 26.6 m, incl. 2.23 g/t Au, 0.18% Cu over 3.5 m; 192.5 g/t Ag, 0.13% Cu over 6.0m; 764 g/t Ag over 1.5 m;
- **APV10-05:** 0.55% Cu over 38.5 m, incl. 1.1% Cu over 6.0 m;
- **APV10-06:** 0.51 g/t Au over 16.15 m, incl. 1.77 g/t Au over 3.15 m; 90.5 g/t Ag over 2.15 m; 0.57% Cu over 24.2 m; 1.04 % Zn over 40.1 m;
- **APV10-07:** 0.6 g/t Au, 51.74 g/t Ag over 19.5 m, incl. 2.83 g/t Au over 1.5 m; 316.4 g/t Ag over 2.5 m; 410 g/t Ag over 1.5 m; 1.1% Cu over 16.5 m; 0.94% Zn over 16.5 m

These new results are being processed and integrated in the dataset in preparation to the next phase of drilling slated to begin in spring 2010. Drill holes are also planned in the southwestern part of Ampliación PV where a systematic PIMA (infrared spectrometry) survey is being probed on alteration mineral.

#### *Loma Hueca*

During the quarter, follow-up on stream sediment anomalies, including prospecting, mapping, soil sampling and PIMA reading was conducted on the Loma Hueca project. Exploration expenses totaled \$38,445. Results are pending.

#### *Other properties*

No work was conducted during the quarter on Fresso, La Patilla, Corralitos, Piedra Blanca, Maimon Group of concessions, La Cueva (former Loma el Mate), Jobo Claro, Cuance- Los Hojanchos, Loma Ceiba de Agua and La Mireya. Those projects are all being reviewed and work programs should be proposed for 2010.

On November 23, 2009, the Company made a cash payment of USD\$17,500 (CAD\$ 18,939) to Asesores Internacionales Especializados, for a six-month extension period on the Fresso property.

#### Ontario

##### *Shoal Lake*

In Ontario, the Company incurred exploration expenditures of \$175,915 during the quarter with 67% on the Halo Resources option Shoal Lake West project for the preparation of the winter drill program, 13% on the Machin's option Shoal Lake East project on ground geophysics and 17% on KPM's option Shoal Lake East property for the calculation of a new resource estimate, and 3% on other properties. Option payments totaled \$128,000 during the quarter.

During the quarter, the Company reported the results of the new NI-43-101 resource estimate for the Cedar Island deposit on its Shoal Lake East KPM option. The report was prepared for Everton by Gary Giroux, MASc., PEng of Giroux Consultants Ltd and Kevin Leonard, PGeo. in accordance with the CIM guidelines and the NI-43-101 requirements to update the results previously announced from a resource estimate completed in 2003 on the Cedar Island Deposit.

The update resource estimate integrates results of an additional 35 deep drill holes for 10,011 meters completed in 2004 by Amador Exploration on the Cedar Island deposit mineralized structures known as the 9 East Target. The integration of data from the 2004 drill program led to a new interpretation of the gold mineralized quartz vein system, in which 7 additional veins were adjoined to the model. Results are as follow:

#### **Undiluted Mineral Resources - Variable Cut-Off Grades**

|     | Indicated     |        |             | Inferred  |        |             |
|-----|---------------|--------|-------------|-----------|--------|-------------|
|     | Cut-off (g/t) | Tonnes | Grade (g/t) | Ozs       | Tonnes | Grade (g/t) |
| 1.0 | 1,000,000     | 4.18   | 134,400     | 3,050,000 | 3.25   | 318,700     |
| 3.0 | 430,000       | 7.56   | 104,500     | 1,080,000 | 5.99   | 208,100     |
| 5.0 | 252,000       | 10.07  | 81,600      | 480,000   | 8.8    | 135,800     |

These estimates were based on 146 drill holes totalling 35,414 meters comprising 2,159 gold assays.

The mineralization at the Cedar Island gold deposit is categorized as an Archean lode gold vein deposit-type related to solution remobilization. The host rocks to the veins include lithologies related to volcanic arcs including the ultramafic to felsic lavas, chemical sediments, younger intrusive diabbases, and quartz and feldspar porphyritic rocks. Gold mineralization is related to a series of narrow en-echelon quartz veins and shear-hosted quartz veins. These parallel to sub parallel vein structures occur over a strike length of 600m and are defined within the deposit to a depth over 350m with an average width in excess of 100m. Gold occurs within, or adjacent to replacement, crack and seal, breccia or secondary shear veins containing abundant fine grained pyrite, carbonate and occasional visible gold. All veins are open at depth and along strike west of the Cedar Island deposit.

The new resource estimate of the Cedar Island deposit complements and provides strong support to Everton's option on the Duport deposit located 2.8 km away to the west from the main land. Current Indicated Mineral Resources at Duport were estimated at 424,000 tonnes grading 13.40 g/t Au for 182,000 contained ounces of gold. In addition, Inferred Mineral Resources were estimated at 387,000 tonnes grading 10.69 g/t Au for 131,000 contained ounces of gold (press release of July 9, 2009). The combined valuation of the Cedar Island and the Duport deposits is significant since they can share a synergy through a common road network, power grid, and milling complex.

More recently, the Company released on March 15, 2010, the initial results returned from the first four holes from the winter drill program recently completed on the Shoal Lake West property. In total, 8,271 meters of core were drilled in 28 holes from February 12 to March 10, 2010. Four light weight diamond drills were used for the program, two from Chibougamau Diamond Drilling Ltd. of Chibougamau, Quebec and two from Distinctive Drilling Services Ltd. of Dryden, Ontario.

The highlights of results received to date from ALS/Chemex of Thunder Bay Ontario include (all lengths are core lengths):

**SLW10-04:** The Main Zone was intersected on Line 8200N between 191.1 m and 208.2 m that returned 7.15 g/t Au over 17.1 m, including 9.72 g/t Au over 11.0 m and including 44.43 g/t Au over 1.4 m.

**SLW10-01:** The Main Zone was intersected on Line 10000N between 409.9 m and 411.3 m that returned 2.74 g/t Au over 1.4 m, including 6.17 g/t Au over 0.6 m;

**SLW10-02:** The Main Zone was intersected on Line 8200N from 124.2 m to 132.3 m and returned 2.22 g/t Au over 8.1 m, including 6.50 g/t Au over 1.8 m .

The Duport Deformation Zone ("DDZ") that hosts the prospective Duport Gold Deposit has been drilled tested over a strike length of 6.1 km, from Line 13100N to Line 7000N to a vertical depth of 365 meters. The Duport gold deposit is characterized by two laterally persistent silicified shear zones referred to as the Main and East (Footwall) zones that contain stringer and disseminated pyrite, pyrrhotite and arsenopyrite. The zones dip 70 degrees to the west.

In addition, the parallel Stevens Island Deformation Zone ("SIDZ") was investigated with one hole and two short strike length AEM conductors were tested about 3.8 km south of Duport.

The rest of the results from the drilling at Duport are pending.

The Company is also currently preparing a follow-up work program for next summer that will include mapping and definition diamond drilling at the Cedar Island deposit and follow-up testing in the vicinity of previous high-grade intersections below some workings, namely the Olympia Mine, the Mikado Mine, The Crown Point Mine, and Granozone.

#### *Other properties from HLG*

The HLG portfolio also includes two highly prospective projects: one located 70 km west of the Hemlo Camp where high-grade gold-bearing veins were identified and the other within the Timmins Mining Camp located adjacent to past producing mines along the Porcupine-Destor Fault. During the quarter, minimum expenses of \$5,574 were incurred on those properties to keep them in good standing.

## Quebec

All properties in Quebec, including Opinaca, Wildcat, Coulon and Sirmac were maintained in care and maintenance during the quarter at minimum costs.

On December 9, 2009, the Company made an option payment of \$60,000 on its Opinaca properties.

On March 30, 2009, Everton announced the signing of an agreement (the "Agreement") for the sale of the mineral rights on 13 properties covering 668 km<sup>2</sup> in the Labrador Trough region of Quebec to Focus Metals Inc. ("Focus"), a company previously listed on the TSX Venture Exchange (the "Exchange") under the name 3D Visit Inc. Focus was reactivated by management in 2008 as a mining exploration company. Pursuant to the terms of the Agreement, Everton will receive 6 million common shares of Focus, representing approximately 20% of the current outstanding shares of Focus, at a deemed price of \$0.06 per share, for an aggregate consideration of \$360,000. The completion of the transaction is subject to the listing of Focus' common shares on the Exchange by no later than March 31, 2010.

Due to the condition listed above, the properties and the shares issued are being held in escrow by a third party until the listing of Focus' common shares on the TSX-V.

The consideration to be paid by Focus Metals represents the total acquisition and exploration costs incurred to date by Everton on the properties. The transaction was approved by all the directors of Everton with the exception of André Audet, President and CEO of Everton, who declared his interest as President of Focus Metals and therefore did not participate in the vote. The transaction is subject to the approval of the Exchange.

## British Columbia

### *Hot Springs*

During the quarter, the Company kept in care and maintenance at minimum cost the Hot Springs property located in the Sloquet Creek area of the southwestern British Columbia, 95 kilometers northeast of Vancouver.

### Qualified person

The above technical information was confirmed and/or reviewed by Marc L'Heureux, a qualified person under NI 43-101.

## Selected Financial Data

The following selected financial data are derived from the unaudited interim consolidated financial statements of the Company, which were prepared in accordance with Canadian generally accepted accounting principles.

### Selected Consolidated Financial Information (unaudited)

|  | Three months<br>Ended<br>January 31, 2010 | Three months<br>Ended<br>January 31, 2009 |
|--|---|---|
|  | \$  | \$  |
| <b>Statement of Operations and Deficit summary</b>                             |   |   |
| Total operating expenses   | 609,282                                   | 473,176                                   |
| Write-down of deferred exploration expenses                                    | -   | 61,719                                    |
| Interest and other income  | 17,312                                    | 15,800                                    |
| Net loss   | 586,859                                   | 644,489                                   |
| Basic and diluted net loss per common share                                    | 0.01                                      | 0.01                                      |
| Weighted average number of common shares outstanding                           | 77,134,966                                | 58,290,333                                |
| <b>Statement of Deferred Exploration Expenses Summary</b>                      |   |   |
| Deferred exploration expenses before write-down, tax credits and mining duties | 684,340                                   | 519,415                                   |
| <b>Statement of Cash Flows summary</b>   |   |   |
| Cash flows used in operating activities  | 355,838                                   | 253,365                                   |
| Cash flows used in investing activities  | 436,557                                   | 581,217                                   |
| Cash flows from financing activities   | 18,870                                    | -   |
| Decrease in cash and cash equivalents  | 773,525                                   | 834,582                                   |
|  | January 31, 2010                          | October 31, 2009                          |
|  | \$  | \$  |
| <b>Balance Sheet summary</b>   |   |   |
| Cash and cash equivalents  | 908,261                                   | 1,681,786                                 |
| Long-term investment   | 276,219                                   | 229,085                                   |
| Mineral exploration properties   | 5,378,663                                 | 5,171,724                                 |
| Deferred exploration expenses  | 11,526,525                                | 10,847,065                                |
| Shareholders' equity   | 17,942,059                                | 18,269,858                                |
| Total assets   | 18,331,068                                | 18,435,355                                |

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the Board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

### Results of Operations

Net loss for the three months ended January 31, 2010 was \$586,859, as compared to \$644,489 in 2009. This decrease is attributable to a combination of many factors: lower share of net loss of company subject to significant influence for \$11,032 (\$187,113 in 2009), absence of write downs of mineral properties and deferred exploration expenses (\$61,719 in 2009), the recognition of higher stock-based compensation for \$233,424 (\$134,319 in 2009), and also an increase in travel and promotion costs as the Company carried an aggressive promotion campaign during the period.

Interest and other income for the three months ended January 31, 2010 was \$17,312 (\$15,800 in 2009), which does not represent a significant change from 2009. However, this is the result of the combination of two factors: lower interest income of \$2,791 (\$15,800 in 2009) due to a decline in interest rates and a decrease in cash equivalents as the Company advances in its exploration program, and a realized gain on the fair value of an embedded derivative for \$14,521 (\$Nil in 2009).

## Quarterly information

The following selected financial data are derived from the unaudited interim financial statements of the Company, which were prepared in accordance with Canadian generally accepted accounting principles.

| Quarter Ended | Other Income | Net Loss | Basic and diluted net Loss per common share |
|---------------|--------------|----------|---|
|               | \$           | \$       | \$  |
| 31/01/2010    | 17,312       | 586,859  | 0.01  |
| 31/10/2009    | 5,718        | 830,696  | 0.01  |
| 31/07/2009    | 3,276        | 596,559  | 0.01  |
| 30/04/2009    | 54,960       | 357,642  | 0.01  |
| 31/01/2009    | 15,800       | 644,489  | 0.01  |
| 31/10/2008    | 32,001       | 961,803  | 0.01  |
| 31/07/2008    | 39,707       | 406,031  | 0.01  |
| 30/04/2008    | 53,325       | 342,087  | 0.01  |

## Liquidity and capital resources

The Company's working capital stands at \$734,128 as at January 31, 2010 (approximately \$2.0 million at October 31, 2009) and includes investments in savings accounts for \$762,976, yielding an average interest rate of ranging from 0.73%. This decrease is attributable to cash payments made on the Company's properties option agreements, the advancement in its exploration program during the period and also the incurring of operating expenses in the normal course of business. During the period, the Company received a refund of mining duties for \$165,367, and proceeds from the exercise of warrant units for \$18,870.

The Company's principal requirements for cash for the next twelve months will be deferred exploration expenditures for US\$ 690,000 (CAD\$ 735,000), administrative and general expenses for approximately \$800,000 and option payments for US\$ 465,000 (CAD\$ 495,000) and CAD\$ 200,000. In addition, further to the acquisition of Hays Lake Gold Inc. on September 17, 2009, the Company has the remaining cash payments and exploration work commitments as follows (in \$ thousands):

|                      | 2010  | 2011 | 2012   |
|----------------------|-------|------|--------|
|                      | \$    | \$   | \$     |
| Cash payments        | 457   | 468  | 9,788  |
| Exploration expenses | 1,330 | 40   | 3,500  |
| Total                | 1,787 | 508  | 13,288 |

As at January 31, 2010, the Company had a working capital of \$734,128, including \$908,261 in cash. Given its limited financial resources, the Company requires additional financing, through various means including, but not limited to, equity financing, to secure sufficient funding for its existing commitments for exploration programs and cash payments on its properties and meet all of its general and administrative costs for the next twelve months. Management is actively seeking additional financing through various means (see subsequent events). However, there is no assurance that the Company will be successful in raising the additional required funds.

## Off Balance Sheet Arrangements

As of January 31, 2010, the Company has no off balance sheet arrangements.

## **Related Party Transactions**

Under an agreement between the Company and Majescor Resources Inc. ("Majescor") (which shares common management), the Company charges Majescor for shared salaries and benefits, rent and office expenses. During the period, the cost of shared salaries and benefits was \$14,250 (\$21,876 in 2009) and rent and office expenses were \$714 (\$10,600 in 2009). Included in amounts due from related party is \$Nil (\$Nil as at October 31, 2009) due from Majescor.

Under an agreement between the Company and Adventure Gold Inc. ("Adventure") (which shares common management), the Company charges Adventure for shared salaries and benefits, rent and office expenses. During the period, the cost of shared salaries and benefits was \$22,500 (\$22,972 in 2009) and rent and office expenses were \$1,500 (\$2,797 in 2009). Included in amount due from related party is \$8,982 (\$50,057 as at October 31, 2009) due from Adventure.

On June 1, 2009, the Company signed a cost sharing agreement (effective for the 2009 calendar year) with Adventure which provides Adventure with the option to pay the Company, on a quarterly basis, in common shares in lieu of cash, at a price equal to the greater of \$0.11 per share or the Discounted Market Price, as defined in Policy 1.1 of the TSX Venture Exchange Corporate Finance Manual, on the last day of each quarter. As for the payment of Insider Management Costs (management costs related to any Everton employee who is also an insider of Adventure) in common shares in lieu of cash, Adventure obtained disinterested shareholder approval for that payment on December 18, 2009.

On January 27, 2010, Adventure issued 507,569 common shares (valued at \$81,211) to the Company in payment of the outstanding balance of 2009 shared costs of \$66,690. Everton recorded a gain on fair value of the embedded derivative for \$14,521.

These transactions were measured at the exchange amount, that is the amount established and accepted by the parties and were conducted in the normal course of business.

The amounts due from related party are without interest.

## **Mineral Property Book Values**

At the end of each quarter, management reviews the carrying values of its resource properties to determine whether any write-downs are necessary. Following this analysis, no write-down was deemed necessary during the period ended January 31, 2010 (\$61,719 in 2009).

## **Critical Accounting Policies and Estimates**

The preparation of the Company's consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. The Company's significant accounting policies and estimates are fully described in note 4 to the annual consolidated financial statements for the years ended October 31, 2009 and 2008.

## **Changes in Accounting Policies**

### Future accounting standards

#### Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In October 2008, the CICA issued Handbook Sections 1582, "Business Combinations", 1601 "Consolidated Financial Statements", and 1602 "Non-controlling Interests". CICA 1582 establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed, CICA 1601 carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests, and CICA 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for the Company on November 1, 2011. The Company is currently evaluating the impact of the adoption of these new standards.

## International Financing Reporting Standards

The Accounting Standards Board of the CICA requires all public companies to adopt International Financial Reporting Standards (“IFRS”) for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal period. The transition from Canadian Generally Accepted Accounting Principles to IFRS will be applicable for the Company’s first quarter of fiscal 2012.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- IFRS 1 First-time adoption of International Financial Reporting Standards
- IFRS 2 Share-based payment
- IFRS 6 Exploration and evaluation
- IAS 1 Presentation of financial statements
- IAS 12 Accounting for income taxes
- IAS 16 Property, plant and equipment
- IAS 21 Effects of changes in foreign exchange rates
- IAS 32 financial instruments presentation
- IAS 36 Impairment of assets

As the analysis of each of the key areas progresses, other elements of the Company’s IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes, financial statement note disclosures on information technology, internal controls, contractual arrangements, and employee training. While the Company has begun assessing the impact of the adoption of IFRS on its financial statements, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

## Outstanding Share Data

Common shares and convertible securities outstanding at March 26, 2010 consist of:

| <b>Securities</b> | <b>Expiry date</b>      | <b>Average exercise price</b> | <b>Number of securities outstanding</b> |
|-------------------|-------------------------|-------------------------------|---|
| Common shares     | -                       | -                             | 77,239,933                              |
| Options           | Up to February 22, 2015 | \$0.39                        | 6,145,000                               |
| Warrants          | Up to October 6, 2011   | \$0.27                        | 4,632,319                               |

## Subsequent events

On February 22, 2010, the Company granted 500,000 stock options to Consultants, at an exercise price of \$0.28 and expiring on February 22, 2015.

In February, 2010, the Company elected not to exercise the second option under the agreement with Azimut Exploration, to increase its interest in the Opinaca property from in 50% to 65%. As a result, Everton is committed to make a cash payment of \$200,000 to Azimut by March 25, 2010 to earn its 50% interest in the property.

In February, 2010, 25,000 stock options at an exercise price of \$0.22 and 150,000 stock options at an exercise price of \$0.15 were forfeited.

In March 2010, further to an amendment of the option agreement between the Company and Globestar, the Company earned its 50% interest in the Cuanca and Los Hojanchos properties.

On March 11, 2010, the Company announced a non-brokered private placement offering (the "Offering") of up to 12,000,000 units at a price of \$0.25 each for gross proceeds of up to \$3,000,000. Each unit will consist of one common share of the Company and one-half of a common share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share of Everton at a price of \$0.40 for a period of twenty-four months following the closing of the Offering. The net proceeds of the Offering will be used to fund the Company's exploration activities and to continue to drill several gold-copper targets on the Dominican Republic projects and to continue to define the gold resources on its Shoal Lake projects in North-Western Ontario. In connection with the Offering, Everton may pay up to 8% commission of the gross proceeds of the Offering and a maximum of 8% of non-transferable warrants entitling the holder to acquire the same number of common shares of the Company at a price of \$0.25 per common share for a period of twenty-four months following the closing date. All securities issued in connection with the Offering, including the non-transferable warrants issued as partial payment of the finders' fee, are subject to a four month hold period from the closing of the Offering.

## **Risk and uncertainties**

Exploration of minerals and development of mineral properties involve significant risks, many of which are outside of the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure and easy access.

### *Financial risk*

The Company is considered to be in the exploration stage, that it is dependant on obtaining regular financing in order to continue exploration. Despite previous success in acquiring this financing, there is no guarantee of obtaining any future financing, or that it will be available on acceptable terms.

The prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mining exploration companies.

### *Foreign exchange risk*

Some of the Company's expenditures are in US dollars. Movement in the Canadian dollar against these currencies therefore has a direct impact on the Company's cost base. The Company does not use derivative instruments to reduce its exposure to foreign exchange risks.

### *Risk on the uncertainty of title*

Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title.

### *Environmental risk*

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

## **Additional information and continuous disclosure**

This Management's Discussion and Analysis has been prepared as of March 26, 2010. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR ([www.sedar.com](http://www.sedar.com)).

*(s) André Audet*

Chairman of the Board and Chief Executive Officer

*(s) Khadija Abounaim*

Chief Financial Officer