

Management's Discussion and Analysis

**CRESVAL CAPITAL CORP.**  
**(a development company)**

**For the fiscal year ended December 31, 2008**

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*The following discussion and analysis of the operations, results, and financial position of Cresval Capital Corp. (the "Company" or "Cresval") for the year ended December 31, 2008 should be read in conjunction with the December 31, 2008 audited Financial Statements and the notes thereto, which are produced in accordance with Canadian Generally Accepted Accounting Principles.*

*This Management Discussion and Analysis ("MD&A") is dated April 24, 2009 and discloses specified information up to that date. The effective date of this report is April 24, 2009. All amounts are expressed in Canadian dollars unless otherwise indicated. Additional information is available at [www.sedar.com](http://www.sedar.com).*

***We recommend that readers consult the "Cautionary Statement" on the last page of this report.***

## **OVERVIEW**

Cresval Capital Corp. (the "Company") was incorporated under the Company Act of British Columbia on July 23, 2001. The Company is classified as a Mineral Exploration company engaged in the exploration for base and precious metals. The financial statements to which this MD&A relates have been prepared on a going concern basis, which presumes the realization assets and the discharge of liabilities in the normal course of business for the foreseeable future.

As at December 31, 2008, the Company had working capital of \$249,095 and has accumulated losses of \$346,369 since its incorporation. The Company's ability to meet its obligations and maintain its operations is dependent upon additional financing or profitable operations in the future.

## **OVERALL PERFORMANCE**

### **Bridge River Project**

In June 2006, the Company purchased a 100% interest in the Bridge River Project consisting approximately 7.212 hectares comprising the Copper 1 to 16 Mineral Tenure Online claims. The property is located in the Bridge River area of the Lillooet Mining Division, 40 km west-northwest of Goldbridge approximately 235 km by road from Vancouver, British Columbia, Canada. During the year ended December 31, 2007, the Company staked a further 13 claims as part of the Copper Mineral Claims.

Last fiscal year, the Company carried out an IP survey and MMI soil sample survey by Geotronics Consulting to define targets for exploration. Permits are in place for a trail on the property to facilitate work in 2009.

### **New Raven Property**

In June 2008, the Company entered into an arrangement to acquire a 100% interest in the New Raven Property, consisting of approximately 2,707 hectares. The property is located in the Lillooet Mining Division, 15 km southwest of Lillooet, British Columbia, Canada.

Previous exploration on the New Raven Project, undertaken from 1990 to 2007, has involved

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approximately 481 metres of diamond drilling in 10 holes, excavator and hand trenching, mapping, rock geochemistry and reconnaissance and grid soil geochemistry. Results include 5.8 g/t Au over 2.8m in DDH R91-6 from drilling on the D zone and 17.0 g/t Au over 3.5m from A zone, 6.1 g/t Au over 1m from B zone, 8.7 g/t Au over 2m from C zone, 28.8 g/t Au over 3.5m from D zone, 16.29 g/t Au over 1m from E zone in trenching. Drilling was hampered by short holes, small core diameter, and poor recovery, with incomplete sampling. Two subparallel gold in soil anomalies were outlined, one of which corresponds to the known zones.

The 2008 program involved mapping, prospecting, rock and soil geochemical sampling, GPS surveying of previous diamond drill hold collars and trenches and an evaluation of the New Raven showing. The program verified work completed by previous operators, located previous drill holes and most of the trench locations, located the source of visible gold mineralization in the Discovery zone, indicated potential for continuity of gold mineralization, and resulted in the discovery of a new zone of mineralization (the Smokey zone).

In 2008 significant gold values from grab samples were obtained over a 20m by 35m area in the Discovery zone with maximum values of 12,109 g/t Au, and 44.41 g/t Au, generally along the listwanite argillite contact. The zone is open along strike to the north and south. The north extent projects into the D zone and the southern extent may be sinistrally offset toward the E zone.

Check samples collected in 2008 verify work completed by previous operators on the New Raven property with 9.36 g/t Au over 1m and 16.75 g/t Au from a grab sample from the C zone and 12.13 g/t Au over 0.3m and 7.35 g/t Au over 1.2m from the D zone.

In a report by J. Paulter, P. Geo. Dated December 2008, a non-contingent two-phase exploration program is recommended on the New Raven Project. Phase 1 would consist of detailed prospecting, mapping, a VLF-EM geophysical survey and trenching at a cost of \$70,000. This would be followed by a 1,500m diamond drill program with additional trenching at an estimated cost of \$400,000.

**SELECTED ANNUAL INFORMATION**

The following financial data is derived from the Company's financial statements for the three-most recently completed financial years:

Expressed in Cdn \$

	2008	2007	2006
Total revenues	-	-	-
Loss before extraordinary items and income taxes	(107,845)	(64,067)	(69,004)
Loss Per Share	(0.01)	(0.01)	(0.01)
Total Assets	699,643	739,857	796,418
Total Liabilities	(70,929)	(20,198)	(42,692)
Working Capital	249,095	462,376	533,178

**Results of operations for the period ended December 31, 2008 (12 months)**

In the twelve month period ended December 31, 2008, cash decreased from \$460,900 at December 31, 2007 to \$264,488 at December 31, 2008, due to ongoing exploration costs and G&A expenditures, and no funding having been received either through equity financings or exercise or options. Total long term assets increased by \$122,336 from \$257,283 at December 31, 2007 to \$379,619 at December 31, 2008. The increase is attributable to \$42,313 in mineral

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property acquisition costs and \$82,890 in exploration expenditures on its mineral properties. Total liabilities increased by \$50,731 from \$20,198 at December 31, 2007 to \$70,929 at December 31, 2008. The increase is due primarily to an increase in accounts payable relating to exploration expenditures. The Company also recorded a nominal increase to amounts due to related parties for unpaid management fees for December 2008. Working capital decreased from \$462,376 at December 31, 2007 to \$249,095 at December 31, 2008 and is a result of ongoing expenditures and no monies having been raised by way of equity financing or through the exercise of stock options.

The Company recorded a loss before income taxes of \$107,845 for the twelve months' ended December 31, 2008, an increase of \$43,778 over the same period of 2007. This increase is due primarily to amounts recorded for stock-based compensation of \$24,161 (2007 - \$nil), and consulting and management fees of \$54,500 (2007 - \$22,500). The increase in management fees was partially offset by amounts recorded for professional fees of \$8,741 (2007 - \$23,489).

**Three months ended December 31, 2008 compared with the three months ended December 31, 2007**

In the three months ended December 31, 2008, the Company recorded an operating loss of \$26,465 compared to an operating loss of \$39,902 for the same period in 2007, a decrease of \$13,437. This is due primarily to decreases in amounts paid for professional fees of \$15,748, amortization of \$1,100 and consulting and management fees of \$1,011. These amounts were offset by an increase in office supply of \$2,667, listing and filing fees of \$1,460 and shareholder communications costs of \$195.

The loss for the three months ended December 31, 2008 was \$24,489, compared to a loss of \$34,965 for the same period in 2007. In addition to the foregoing, the Company recorded amounts in interest income of \$1,976 as compared to \$4,937 in the same period of 2007.

**Summary of Quarterly Results**

Expressed in Cdn \$

Quarter ended	2008				2007			
	Dec. 31 Q4	Sept. 30 Q3	June 30 Q2	Mar.31 Q1	Dec. 31 Q4	Sept. 30 Q3	June 30 Q2	Mar. 31 Q1
Total Revenue	-	-	-	-	-	-	-	-
Net Income (loss)	(24,489)	(38,451)	(27,023)	(17,882)	(34,966)	(12,256)	(6,349)	(10,358)
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)

Net losses have remained consistent in prior quarters as compared to the quarter ended December 31, 2007. Prior to that period, losses were significantly lower due to decreased levels of corporate activity.

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**Liquidity and Capital Resources**

Historically, the Company has raised funds through equity financing and the exercise of warrants and/or stock options to fund its operations. The Company has a cash balance of \$264,488 and working capital of \$249,095 at December 31, 2008. No new capital was raised in the years ended December 31, 2008 and December 31, 2007. The Company believes it has sufficient working capital to meet its current obligations and operating expenses to the end of the fiscal year.

The Company is in the exploration stage. The investment in and expenditures on the mineral properties comprise all of the Company's assets. The recoverability of amounts shown for its mineral property interest and related deferred costs and the Company's ability to continue as a going concern is dependent upon the discovery of economically recoverable reserves, and the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time.

Mineral exploration and development is capital extensive, and in order to maintain its interest the Company will be required to raise new equity capital in the future. There is no assurance that the Company will be successful in raising additional new equity capital.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**Related Party Transactions**

During the period ended December 31, 2008, the Company paid \$3,929 (2007 - \$nil) to Oniva International Services Corp., a private company owned by related public companies, for office, administrative services and miscellaneous G&A expenses.

For the year ended December 31, 2008, management fees of \$42,000 (2007 - \$10,500) were paid to the president of the Company; corporate and accounting fees of \$11,500 (2007 - \$12,000) were paid to the present and former CFO's of the Company, and management fees of \$1,000 (2007 - \$3,603) were paid to a director of the Company.

The amounts due to related parties as at December 31, 2008 consisted of \$2,182 to Oniva International Services Corp. (2007 - \$2,941), and \$6,047 due to directors and officers of Company (2007 - \$1,514). All amounts due to related parties are unsecured, non-interest bearing and due upon demand.

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**CHANGES IN ACCOUNTING POLICIES**

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These accounting policy changes were adopted on a retrospective basis with no restatement of prior period financial statements:

- i) CICA Section 1400 General Standards of Financial Statement Presentation provides revised guidance on management's responsibility to assess and disclose the Company's ability to continue as a going concern.
- ii) CICA Section 1535 *Capital Disclosures* establishes standards for the disclosure of the Company's objectives, policies and processes for managing capital, capital management strategies, as well as quantitative information about capital.
- iii) CICA Section 3031 *Inventories* contains expanded guidance related to cost measurement and disclosure requirements. The Company expects no significant impact on the Company's interim and annual financial statements for fiscal 2008 as a result of this standard.
- iv) CICA Section 3862 *Financial Instruments - Disclosures* and Section 3863 *Financial Instruments - Presentation* replaces Section 3861 *Financial Instruments - Disclosure and Presentation*. These new sections revise and enhance current disclosure requirements for financial instruments, and place an increased emphasis on disclosure of risk exposure and risk assessments.

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The standard also requires that comparative figures for 2010 be based on IFRS. The Company is currently in the planning stages to identify the impact of adopting IFRS on its financial statements and will continue to invest in training and necessary resources to complete the conversion.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses for the periods reported. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in operations in the period they become known.

**FINANCIAL INSTRUMENTS**

The Company's financial instruments include cash, interest receivable, reclamation bond, accounts payable and accrued liabilities and amounts due to related parties. The carrying values of these financial instruments approximate their fair values due to their short term nature. The Company is not exposed to significant interest, credit or currency risk arising from these financial instruments.

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***RISKS***

Mineral exploration and development involve a high degree of risk and few properties are ultimately developed into producing mines. There is no assurance that the Company's future exploration and development activities will result in any discoveries of commercial bodies of ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.

***OUTSTANDING SHARE DATA***

The Company's authorized share capital consists of unlimited common shares without par value.

As at December 31, 2008 and April 24, 2009 there were 10,350,000 common shares outstanding.

The following is a summary of all options outstanding at December 31, 2008 and 2007:

Expiry Date	Exercise Price	2008	2007
		Number of Shares	
August 15, 2013	\$0.16	388,000	-
September 21, 2009	\$0.10	570,000	570,000
Balance, end of year		958,000	570,000

The Company currently has no outstanding share purchase warrants.

***DISCLOSURE CONTROLS AND PROCEDURES***

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for evaluating the effectiveness of the Company's disclosure controls and procedures and have concluded, based on our evaluation, that they are effective as at December 31, 2008 to ensure that information required to be disclosed in reports filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified in those rules and regulations.

***INTERNAL CONTROLS OVER FINANCIAL REPORTING***

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company assessed the design of the internal controls over financial reporting as at December 31, 2008 and concluded that there are material weaknesses in internal controls over financial reporting, which are as follows:

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- (a) Due to the limited number of staff resources, the Company believes there are instances where a lack of segregation of duties exist to provide effective controls; and
- (b) Due to the limited number of staff resources, the Company may not have the necessary in-house knowledge to address complex accounting and tax issues that may arise.

The weaknesses and their related risks are not uncommon in a company the size of the Company because of limitations in size and number of staff. The Company believes it has taken steps to mitigate these risks by hiring additional personnel, consulting outside advisors, and involving the Audit Committee and Board of Directors in reviews and consultations where necessary. However, these weaknesses in internal controls over financial reporting could result in a more than remote likelihood that a material misstatement would not be prevented or detected. The Company believes that it must take additional steps to further mitigate these risks by consulting outside advisors on a more regular and timely basis.

There have been no changes in the Company's internal controls over financial reporting that occurred during the quarter ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

**Cautionary Statement**

This MD&A is based on a review of the Company's operations, financial position and plans for the future based on facts and circumstances as of April 24, 2009. Except for historical information or statements of fact relating to the Company, this document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. These statements involve known and unknown risks, uncertainties, and other factor that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.