Form 51-102F1
Management Discussion and Analysis
For
International Northair Mines Ltd.
("Northair" or the "Company")

The following interim management's discussion and analysis (MD&A) of the Company has been prepared as of July 28, 2009 and is intended to supplement and complement the Company's unaudited interim consolidated financial statements for the three month period ended May 31, 2009. This MD&A should also be read in conjunction with the audited annual consolidated financial statements and annual MD&A for the year ended February 28, 2009. All financial information has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and all amounts disclosed are Canadian dollars unless otherwise stated.

Nature of Business

Northair is a mineral exploration company actively engaged in the acquisition, exploration and development of strategic mineral properties throughout North America with a particular focus in Mexico. The Company is listed on the TSX Venture Exchange ("TSXV") and trades under the symbol "INM". In Mexico, exploration is conducted by its wholly owned subsidiary, Grupo Northair de Mexico, S.A. de C.V. ("Grupo Northair").

In addition, Northair provides management and/or administrative services to other resource companies, including but not limited to, New Dimension Resources Ltd., Tenajon Resources Corp. and Troon Ventures Ltd. (collectively referred to herein as the "Northair Group" or the "Group"). Each company within the Group is related to Northair through directors and/or officers in common. (See "Transactions with Related Parties").

Highlights for the three month period ended May 31, 2009

- The Company closed its non-brokered private placement with the issuance of 13,070,000 units at a price of $0.05 per unit for gross proceeds of $653,500. Each unit is comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire one common share of the Company for 24 months from the closing date at a price of $0.10 for the 12 months immediately following the closing date and $0.20 thereafter.

  The warrants will be subject to an accelerated exercise provision if the share price of the Company trades at or above $0.35 for 10 or more consecutive trading days. Net proceeds of this private placement will be used to further the Company's exploration projects, fund possible new acquisitions and for general working capital.

  The Company issued 815,500 brokers units and 815,500 broker warrants, with similar terms as the private placement, as finder's fees.

  The common shares issued and the common shares underlying the warrants are subject to a four month hold period that expires on September 20, 2009.

- The Company entered into an option to acquire a 100% interest in the La Cigarra Project located in the state of Chihuahua, Mexico. The Company's wholly-owned subsidiary, Grupo Northair de Mexico, S.A. de C.V. ("Grupo Northair"), has signed a Letter of Intent with the concession owners and has commenced its due diligence.

Highlights for the three month period ended May 31, 2009 - continued

La Cigarra consists of 6 privately held concessions, totaling approximately 310 hectares. Grupo Northair can acquire a 100% ownership in the concessions by making payments over a 5 year period totaling US$445,000. Signing of the formal agreement will be subject to further technical and legal due diligence by Grupo Northair, as well as approval by the Company's Board of Directors and the TSX Venture, and registration with the appropriate Mexican government authorities. Encouraging results have been received from initial sampling.

- Fresnillo completed a first phase drill program on the La India property. Eight holes totaling 867 metres were drilled on two targets. Anomalous intervals of gold mineralization were reported in all eight holes, however no intervals of potentially economic grades were encountered. Fresnillo has not informed the Company of its future plans for the property.
- The Company issued 397,714 common shares for consideration of US$25,000 and received US$25,000 in option payments from Fresnillo pursuant to the La India mineral property agreement and its first anniversary.
- Fresnillo has paid US$12000 + IVA to the Company to make the option payment due July 17, 2009 to the underlying vendor.

Results of Operations

Current Quarter

The Company's net loss for the three month period ended May 31, 2009 (the "Current Period") was $86,184 or $0.00 per share compared with a net loss of $6,004 or $0.00 per share for the three month period ended May 31, 2008 (the "Comparative period"). The main reason for the increase in the Current Period was due to the fact that in the Comparative Period the Company sold short-term investments realizing a gain of $189,985.

General and administrative expenses were lower in the Current Period at $89,141 compared with $129,599 in the Comparative Period due mainly to; lower office costs ($71,797 compared with $103,307) mainly resulting from lower salary costs, partially offset by lower administrative recoveries ($28,660 compared with $47,450) as the Company was able to recover less of the common office costs from the Group companies. A reduction in the amount of professional fees ($13,100 compared with $37,482), due to a decrease in legal and accounting fees and a reduction in shareholder information and investor relations fees ($16,288 compared with $24,300), due to reduced investor relations activity, also contributed to the change for the year.

Write-off of general exploration costs was lower in the Current Period at $22,412 compared with $56,546 in the Comparative Period due to less generative exploration work conducted.

During the Current Period, the Company recognized net income of $37,171 due to option payments received in excess of exploration costs incurred.

Results of Operations - continued

The Company's business consists of mineral exploration and development. Details on geographic areas are as follows:

	Canada		Mexico		Total	
	May 31, 2009	February 28, 2009	**May 31, 2009**	February 28, 2009	**May 31, 2009**	February 28, 2009
Capital assets	**$ 53,021**	$ 58,196	**$ 1,168,719**	$ 1,155,738	**$ 1,221,740**	$ 1,213,934
Total assets	**$ 1,255,347**	$ 684,209	**$ 1,238,272**	$ 1,191,667	**$ 2,493,619**	$ 1,875,876
Net loss (income)	**$ 185,361**	$ 101,888	**$ (99,177)**	$ 704,188	**$ 86,184**	$ 806,076

Exploration Update

Overview

International Northair Mines Ltd. continues to concentrate its exploration activities in Mexico through its wholly owned subsidiary, Grupo Northair de Mexico, S.A. de C.V. However, the recent economic climate has necessitated the Company to significantly reduce its generative exploration program while continuing with property solicitation and advanced stage project evaluation. Projects that have evolved from the Company’s generative program are outlined below.

Project Discussion

La Cigarra Project, Chihuahua

The La Cigarra Project is located outside the municipality of Parral, in State of Chihuahua along the eastern fringes of the Sierra Madre Occidental in north central Mexico. La Cigarra consists of 6 privately held concessions, totaling approximately 335 hectares and has good road access, topography and infrastructure.

La Cigarra was identified as an acquisition target by exploration staff late in 2008, as part of the Company’s generative exploration program. Reconnaissance and initial sampling results completed by Northair confirmed numerous silver occurrences currently traced over a 3 kilometre trend of mineralization. The Company, through an ongoing technical review has defined three potentially significant zones of silver mineralization. Northair believes that all three zones have the potential to host high grade vein as well as bulk tonnage open pittable silver deposits.

The first of three zones sampled by Northair, the San Gregorio Zone, lies in the central portion of the property and contains two distinct areas referred to as East Hill and West Hill. East Hill contains mineralization exposed through limited outcrops and mine workings over a northwesterly trending zone of approximately 185 by 50 metres, dipping moderately to the northeast. To date, Northair has taken a total of 32 chip samples from East Hill, ranging in widths from 1.5 to 15 metres, with an average width of 4.3 metres. The 32 samples reported an average grade of 180 g/t silver including a low of 10 g/t silver over a width of 4 metres and a high of 991 g/t silver over a width of 3 metres.

La Cigarra Project, Chihuahua – continued

West Hill, located parallel to the structural fabric of the East Hill area and 80 metres to the southwest, contains a northwesterly striking, moderately northeasterly dipping vein system. The main vein is open in both directions and has been traced on surface over a strike length of approximately 340 metres with exposed widths of mineralization that range up to 15 metres. To date, Northair has taken a total of 28 samples from surface outcrops and historic mine workings that range in sample width from 1.0 to 6 metres, with an average width of 3.3 metres. The 28 samples reported an average grade of 187.3 g/t silver, including a low of 12.9 g/t silver over a width of 3 metres and a high of 660 g/t silver over a width of 2 metres.

The second of three zones, the La Boracha Zone, is situated in the most northern portion of the property and hosts three significant areas of mineralization. In the centre of the zone, where numerous prospects and small mine workings exist, the Company has sampled vein and stockwork mineralization that occurs within a large elbow shaped area known as El Codo. The El Codo area measures approximately 450 metres in length by 50 to 75 metres in width and contains mineralization that occurs in moderately dipping shale and siltstone locally intruded by altered rhyolite dikes and sills. To date, the Company has taken 51 rock chip samples (ranging in widths from 2.5 to 10 metres, with an average width of 4.8 metres) from outcrops and old mine workings within the area. The 51 samples reported an average grade of 82 g/t silver, including a low of 7 g/t silver over 4.5 metres and a high of 348 g/t silver over 3 metres. Included were two separate sets of continuous sampling in both limbs of the area, including 32 metres of 75.7 g/t silver, with a low of 43.2 g/t silver and a high of 98 g/t silver; and 15 metres of 185 g/t silver, with a low of 108 g/t silver and a high of 336 g/t silver.

Reconnaissance to the northwest of the El Codo area has discovered a second area of mineralization, where continuous sampling over 25.3 metres reported an average grade of 362.7 g/t silver, with a low of 10.6 g/t silver, and a high of 1,940 g/t silver. Although additional field work is required, it is possible that this second area may extend approximately 100 metres to the southeast and connect with the El Codo area.

The third area of mineralization, southeast of El Codo, contains a northwesterly striking, moderately northeasterly dipping classic vein system that shows evidence of minor historic development. The vein has been traced on surface and underground workings for approximately 250 metres. High grade mineralization within the vein occurs in shoots, which appear to average between 1 to 2 metres in width. Grades are erratic, with sample results ranging from a low of 12.5 g/t silver over 5 metres to a high of 1,030 g/t silver over 1 metre.

The third of three zones, the Las Carolinas Zone is located 800 metres southeast from the San Gregorio Zone. To date, the Company has completed a first phase of geologic mapping and rock chip sampling within the Las Carolinas Zone, which contains some of the largest old mine workings within the property. Mineralization has been traced over a strike length of approximately 500 metres, and is open in both directions. The zone is generally estimated to range up to 50 metres in width, although additional mapping and sampling is necessary to confirm its dimensions. The mineralization mapped thus far is associated with intensely altered dike swarms intruding Cretaceous sedimentary rocks. The Company has taken 35 rock chip samples, ranging in widths from 2 to 10 metres, with an average width of 4.1 metres. The 35 samples reported an average grade of 192.3 g/t silver including a low of 4.3 g/t silver over 10 metres and a high of 334 g/t silver over 4 metres. Of particular interest is evidence of strong silver values reported in several samples taken from altered rhyolite dikes, including 5 metres of 215 g/t silver.

La Cigarra Project, Chihuahua – continued

La Cigarra contains, post-mineral Oligocene rhyolite volcanics belonging to the "Upper Volcanic Complex" overlie Cretaceous age sediments. The sediments are generally non-calcareous, and include shale, siltstone and sandstone. Sedimentary rocks are locally intruded by rhyolite dikes, sills and small stocks, and range in texture from aphanitic to porphyritic. Intrusive rocks are more common along the areas of higher topography of the Sierra de Hoyas, and are frequently highly silicified. There is a significant structural deformation within the project area. Stratigraphy generally dips moderately from northwest to northeast. Preliminary mapping indicates there may be a general anticlinal feature paralleling the Sierra.

There are numerous regional deep seated northwest extensional fault systems within the project, which coincide with the regional Parral mineral belt. These faults are associated with controlling intrusive emplacement and mineralization. A secondary northeast set of faulting is also apparent.

Grupo Northair can acquire a 100% ownership in 0the concessions by making payments over a 5 year period totaling US$445,000. A payment of US$5,000 is due upon signing the formal option agreement. Signing of the formal agreement will be subject to further legal due diligence by Grupo Northair, as well as approval by the Company's Board of Directors and the TSXV Exchange, and registration with the appropriate Mexican government authorities.

La India Project, Durango

The La India Project located approximately 140 kilometres north of the capital city of Durango, was acquired in the fall of 2006.

La India is an iron oxide low sulfidation gold system with mineralization occurring in an intrusive rhyolite breccia that was initially estimated by the Company to be at least 70 by 300 meters in surface exposure.

The mineralized breccia zone contains hydrothermal and explosive fragments of rhyolite porphyry cemented by a matrix of siliceous iron oxide. High density (<1 cm wide) stockworking quartz veinlets cut both the matrix and fragments of the breccia, which intrudes rhyolite volcanics. The area is also cut by several large regional extensional faults. Two small gambusino workings have been found within the project area, but there is no evidence that the property has been examined by other modern exploration companies. The Company completed two phases of rock chip sampling with the results of 100 samples returning a global average of 9.844 g/t gold. Highlighted intervals of continuous chip sampling include 15 metres @ 2.42 g/t gold, 32 metres @ 2.31 g/t gold, and 48 metres @ 1.08 g/t gold.

In May 2008, the Company signed binding agreements with Fresnillo PLC ("Fresnillo"), a subsidiary of Industrias Peñoles, S.A. de C.V. to explore the La India Project. The agreements allow Fresnillo, or a subsidiary of Fresnillo, to earn a 60% equity participation in a Joint Venture company to be incorporated by the parties upon Fresnillo completing exploration expenditures on the La India Project of US$1,750,000, paying Northair US$210,000 and purchasing Northair shares from treasury valued at US$210,000 (at a 20% premium to market at the time of purchase) over a four year period.

Fresnillo can increase its equity participation in the Joint Venture Company to 80% by preparing a scoping study on the resources found. If Northair elects not to participate in additional funding of the project, Northair will retain a 1% net smelter return royalty interest. The agreements contain a provision whereby, if Northair becomes aware of an entity acquiring more than 50% of the voting shares of Northair, Fresnillo is granted the option to either buy Northair's interest in the project, or offer to Northair

La India Project, Durango – continued

Fresnillo's interest in the project, at a price to be determined by an independent duly qualified international appraiser. In the event that Fresnillo elects to offer its interest to Northair and Northair fails to complete the acquisition within 45 business days, Fresnillo shall have the option to sell its interest to a third party at an equal or higher price.

Fresnillo commenced exploration in mid 2008 and in a January 2009 report provided to Northair, offered details of its initial exploration program on the property. The program included geological mapping and over 2,000 rock chip samples within the project area. Fresnillo's geological mapping increased the size of the breccia and has defined an irregular surface area of mineralization having an exposed strike length of approximately 400 metres with widths ranging up to 60 metres. From the maps provided by Fresnillo, Northair calculates that Fresnillo has taken 158 rock chip samples within the main breccia zone reporting an average grade of 0.63 g/t gold.

In spring of 2009, Fresnillo completed a first phase diamond drill program, which consisted of eight holes, totaling 867 metres in length. The Fresnillo program tested two mineralized zones, the South Breccia previously outlined on surface by Northair and the North Breccia discovered by Fresnillo and located approximately 500 metres north of the South Breccia. Fresnillo's drilling encountered anomalous intervals of gold mineralization in all eight holes; however no mineralized intervals of potentially economic grades were reported.

Although Fresnillo has not informed Northair of its future plans for the project, they have fulfilled their initial commitments by expending well in excess of US$100,000 on exploration over the past year and paying Northair US$50,000 (a US$25,000 cash payment, purchasing US$25,000 of Northair shares from treasury at a 20% premium to market) on May 28, 2009 and making the annual option payment due to the underlying vendor. At the onset of the first option year just concluded, Fresnillo initially made a cash/share purchase of US$30,000 and reimbursed Northair for underlying option payments and carrying costs.

El Reventon Project, Durango

The El Reventon Project is comprised of approximately 3,400 hectares acquired by staking and a further 60 hectares which is the subject of an option agreement. The Company may acquire a 100% interest from the option or by making payments totaling US$151,000 over a four year period.

El Reventon is located in the municipality of Otaez, Durango and is approximately 170 kilometres northwest of the capital city of Durango. The project lies within the Sierra Madre Occidental geological province and a highly prospective mineral belt that includes the mines and districts of Bacis, Montoros, Metates, La Cienega and Topia. The property covers a series of occurrences aligned along a northeast trending belt consisting of low grade metasedimentary rocks overlain by andesite and rhyolite volcanics intruded by numerous dykes and stocks. The property's initial exploration focus has been on the Reventon Breccia which contains silver and base metal mineralization in an intensely altered andesite porphyry.

Within the Reventon Breccia, outcrops of the porphyry display intense hydrothermal brecciation, with micro and macro breccia textures. The entire exposed zone has strong epithermal silica flooding and replacement within the matrix and breccia fragments. Mineralization occurs as disseminations, veining, stockworking, and aggregates of coarse pyrite, galena and sphalerite, contained within the intrusive as well as the adjacent volcanics. The exposed outcrop of the intrusive and mineralized breccia is an irregular shape with surface dimensions of approximately 70 by 70 metres.

El Reventon Project, Durango - continued

In 2006, a total of 51 samples taken from the breccia averaged 103.9 g/t silver, 0.74% lead and 0.79% zinc. Company geologists believe that the Reventon Breccia could be significantly larger than currently exposed, due to extensive cover by Quaternary deposits and altered post mineral volcanics. In addition, the depth potential is considered excellent.

In addition to the Reventon Breccia, the Company has identified other mineral occurrences on the property – the most note worthy being the Los Alisos, La Estrella and the El Portrero Zones. The Los Alisos Zone occurs approximately 500 metres to the south of the Reventon Breccia. The Los Alisos and Reventon Breccia zones appear to be geologically similar in that they have a comparable geochemical signature and both occur in diorite porphyry. The area between the two zones is covered by post-mineral volcanics and agglomerate; however the Los Alisos Zone may be open to the north and the east.

The La Estrella Zone is a high grade silver-gold polymetallic vein system, located two kilometres southwest of the Reventon Breccia. 24 samples taken from the zone average 0.825 g/t gold and 385 g/t silver over sample widths from .85 to 5 metres. A system of veins and stockworks ranging from approximately 1 to 15 metres in width, has been mapped and sampled in old underground workings and limited surface outcrop over a defined strike length of approximately 180 metres. The zone remains open in both strike directions. Geologic mapping indicates that La Estrella sits in a north westerly striking belt of mineralization that contains numerous old workings and occurs over a distance of 2.3 kilometres.

The third zone, the El Portrero Zone is located approximately one kilometre northeast of the Reventon Breccia, and contains dozens of prospects and small mine workings over an area of approximately 150 by 225 metres. The zone is postulated as a Gpotential bulk mineable silver target with vein, stockwork and disseminated mineralization occurring in silicified diorite porphyry. A total of 61 samples taken from the zone average 23 g/t silver over widths ranging from 1.5 to 7 metres. The Portrero East Zone lies about 200 metres to the east of the main Portrero Zone, and contains high-level epithermal quartz stockwork and silica replacement in diorite porphyry exposed over an area of approximately 75 by 115 metres. Ten panel samples from this zone average 28 g/t silver.

In the fall of 2007, the Company completed a successful initial diamond drill test of the Reventon Breccia that totalled 660 metres in six NQ holes, in which all holes intercepted significant zones of mineralized breccia. Results for the drill program included 33.5 metres of 179 g/t silver, 22.8 metres of 94.7 g/t silver and 56.4 metres g/t silver, with associated lead and zinc values.

In March 2008, the Company conducted a second phase reverse circulation drill program totalling 2,170 metres in 17 holes at the Reventon Breccia and Los Alisos Zone. The result of the program was successful in increasing the size of the Reventon Breccia with highlights including 91.4 metres of 87 g/t silver containing an intercept of 19.8 metres of 176.4 g/t silver; and 80.8 metres of 71.9 g/t silver containing an intercept of 7.6 metres of 234.5 g/t silver.

Exploration programs have increased the Company's understanding of the Reventon Breccia. Although, the porphyry is only exposed on surface in an erosional window within the volcanics measuring approximately 70 by 70 metres, the Company's drill programs have outlined a much larger irregular zone of altered diorite porphyry concealed by the volcanics. Alteration and mineralization appear to increase to the north and northeast, as well as the apparent true thickness of the zone, which varies from 40 to 120 metres. Future work programs should concentrate on the expansion of the Reventon Breccia by drilling.

The Company is presently considering further exploration options for its El Reventon Project, which include soliciting interest from potential joint venture partners.

Sierra Rosario Project, Sinaloa

In April of 2002, the Company staked the Sierra Rosario concession along the western flanks of the Sierra Madre Occidental geological province approximately 40 kilometres east of Alamos, Sonora.

Sierra Rosario contains granodiorite rocks overlain by weakly metamorphosed andesites. Intrusive rocks consisting of intermediate porphyry dikes and large intensely altered rhyolite porphyry are exposed at the San Rafael Zone. Northair's exploration staff discovered multiple zones of gold and silver mineralization during their initial exploration programs with some of these zones showing small scale old mine workings.

Northair's field programs concentrated primarily in the San Rafael Zone, located in the northern portion of the property, which contains strong epithermal silver with gold mineralization having a surface expression of approximately 200 by 70 metres. First phase mapping and sampling by Northair within the San Rafael Zone returned an average of 181 g/t silver and 0.321 g/t gold from 23 chip channel samples.

In 2004 the project was optioned to Sparton Resources Inc. Sparton has earned a 51% interest in the project by paying Northair $130,000 in cash, issuing 275,000 common shares and incurring $800,000 in exploration expenditures and a joint venture will be formed shortly.

The work completed by Sparton was concentrated on the southern portion of the property and involved geological mapping, sampling and electrical and magnetic geophysical surveys as well as detailed soil sampling. Sparton completed an approximate 775 meter diamond drill program in 2006 to test the La Josca Zone. The seven holes tested a 500-metre-long portion of the 1.1-kilometre-long La Josca structure with modest results.

The San Rafael Zone remains the principal target area on the property. Geological and geophysical surveys have delineated a well defined magnetic anomaly associated with the San Rafael rhyolite porphyry body and also located a similar anomaly which is covered by upper volcanic series tuffs and may represent a new buried intrusion. Both skarn and structurally controlled mineralization containing barite, copper, gold, and silver are present in the area and values of up to 7.28% copper and 13 g/t gold were obtained from samples taken from boulders in a gully below an old mine dump. Strong base/precious metal mineralization is located in a shear fracture zone east of the main rhyolite intrusive as well as in fault zones associated with rhyolite dykes in limestone on the east side of the property where there is a large multi element soil anomaly.

In the spring of 2008, Sparton and the Company completed the construction of a new 7.5 kilometre road to the San Rafael Zone and the area of the newly discovered Dulces Nombres, and Descubriadora Zones. This road provided the infrastructure necessary to mechanically trench San Rafael. A total of 321 samples were taken in 20 sample lines from outcrops in roads and trenches throughout the zone with highlights of the trenching program including 34.8 metres of 192 g/t silver with 0.22 g/t gold; and 27 metres of 91.8 g/t silver with 0.15 g/t gold. There appears to be excellent potential the San Rafael Zone to be far more extensive than the present surface exposure and drilling will be required to establish the grades and geometry of the intrusive at depth.Northair and Sparton are presently reviewing their exploration plans and are considering bringing in another partner to advance the project.

El Tesoro Project

The El Tesoro Project, located in the state of Durango, was acquired in February of 2003. Between 2003 and 2005, Northair explored El Tesoro by field programs including geologic mapping, sampling, trenching and a twenty hole reverse circulation drill program totaling 1,832 metres. Results were marginal and in December 2005, Grupo Northair entered into an agreement with Compania Minera San Valentin S.A de C.V., which allows San Valentin to lease the Company's remaining El Tesoro concessions.

Under the agreement, San Valentin will pay Grupo Northair US$2,000 per month for the rights to explore and mine the G Zone and US$3,000 per month for the rights for the remainder of the concessions. It is anticipated that the lease will run for a period of 15 years, during which time San Valentin has the option to purchase the G Zone for US$200,000 and the remainder of the concessions for US$300,000 for a total purchase price of US$500,000. Grupo Northair retains a back in right for 49% of the G Zone if San Valentin exercises the purchase option. During the term of the lease, San Valentin will be responsible for all taxes, permitting and environmental aspects of the concessions. The terms of the agreement have been modified several times as San Valentin has encountered mining and milling problems. It is not clear if San Valentin will be able to maintain their lease.

Risks and Uncertainties

The Company has no recent history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholder's investment and the likelihood of success must be considered in light of its early stage of operations.

The Company's operations are affected in varying degrees by Mexican government regulations (both state and federal), including those with respect to restrictions on foreign investment, production, price controls, export controls, income taxes, and expropriation of property, employment, land use, water use, environmental legislation and mine safety. The regulatory environment is frequently in a state of change and new laws, regulations and requirements may be retroactive in their effect and implementation. Northair's operations may also be affected in varying degrees by political and economic instability, economic and other sanctions imposed by other nations on Canada or Mexico, terrorism, military repression, crime, extreme fluctuations in currency exchange rates and high inflation.

To mitigate some of these factors, the Company maintains its head office in Vancouver, Canada. With the exception of short term operational requirements for Grupo Northair, funds are maintained and controlled in Vancouver, both in Canadian and U.S. dollars. In addition to its U.S. based Vice President, Exploration the Company hires consultants as necessary to provide geological and other services. Overhead costs in Mexico compare favorably with Canada and the political and economic climate is considered by the Company to be stable. The Company has reduced its costs in Mexico as a result of the current economic downturn.

Given the early stage of its operations, there is no assurance that the Company will be successful in achieving a return on shareholders' investment. The Company's financial success is dependent on the acquisition of properties which could be economically viable to develop.

Mineral exploration is a speculative venture. There is no assurance that the Company's exploration activities will result in any discoveries of commercial bodies of ore. The success of the operations and activities of the Company is dependent to a large extent on the efforts and abilities of its management. Locating mineral deposits depends upon a number of factors, including the expertise and skill of the exploration personnel involved.

James R. Robinson, Vice President, Exploration devotes all of his time and attention to the Company's exploration and development activities. Fred G. Hewett, President and Chief Executive Officer devotes 50% of his time to the Company's affairs. The remaining members of management devote less than 50% of their attention to the Company's activities. The loss of the services of any of its management could have a material adverse effect on the Company. To date, the Company has not engaged in succession planning.

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of Northair and is derived from unaudited quarterly financial statements prepared by management.

Quarter Ended	Revenues	Net Income (Loss)	Basic Earnings (Loss) per share
May 31, 2009	Nil	(86,184)	(0.00)
February 28, 2009	Nil	(427,417)	(0.02)
November 30, 2008	Nil	(222,749)	(0.01)
August 31, 2008	Nil	(149,906)	(0.01)
May, 31, 2008	Nil	(6,004)	(0.00)
February 29, 2008	Nil	(240,260)	(0.01)
November 30, 2007	Nil	369,783	0.02
August 31, 2007	Nil	(183,804)	(0.01)

The Company's exploration activities are seasonal, with less work conducted in Mexico during certain summer months due to the rainy season. Accordingly, the Company's administrative expenses will typically decline for the same period. The Company's practice is to write-off resources properties when the property is of no further interest and displays limited economic potential. These write-offs affect the Company's quarterly results.

In addition, the Company's quarterly results from operations are also affected by the market for securities. The Company's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level normally declines accordingly. As capital markets strengthen and the Company is able to secure equity financing with favorable terms, the Company's activity levels and the size and scope of planned exploration projects will also increase. Stronger capital markets allowed the Company to realize gains from the sale of investments. These gains help to offset the Company's administrative expenses, and contribute to an overall reduction in the Company's reported quarterly and annual losses.

Liquidity

Working capital as at May 31, 2009 was $1,175,411 compared with $574,252 at February 28, 2009.

Cash and short-term deposits were $1,087,632 at May 31, 2009 compared with $476,630 at February 28, 2009.

During the Current Period the Company used $56,336 in operating activities before changes in non-cash working capital, primarily for administrative costs.

Investing activities used $15,873 in the Current Period; the net of $52,027 from option payments received in excess of exploration costs incurred and the net of $45,288 in mineral property recoveries and was offset by $113,188 used for work on resource properties. The funds for resource properties were used to advance the work on El Reventon, La India, Sierra Rosario and La Cigarra properties and general exploration activity in Mexico and Canada.

Financing activities provided $277,363 in the Current Period; the net of $400,000 from the purchase of a guaranteed investment certificate and $653,500 from the proceeds received for shares issued pursuant to a private placement and $23,863 from the issuance of share capital related to the La India mineral property agreement.

Commitments

The Company has a lease agreement for its office space. The minimum annual commitments for rental expenses are as follows:

June 1, 2009 – February 28, 2010	$	272,555
March 1, 2010 – January 31, 2011		333,124
Total	$	605,679

In addition to the basic monthly rent, the Company must also pay a proportionate share of the building's operating costs and property taxes. In addition to the basic monthly rent, the Company must also pay a proportionate share of the building's operating costs and property taxes. The Company has sub-lease agreements with several arms lengths parties which allow it to recover a portion of the minimum annual rental commitments.

Capital Resources

The Company has no operations that generate cash flow and its long-term financial success is dependant on management's ability to discover and develop economically viable mineral deposits. Exploration is a lengthy process that can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, from the exercise of convertible securities and, in the past, from the sale of investments. Although the Company has had past success in obtaining financing, there can be no such assurance that it will be able to obtain adequate financing in the future or that the terms of any financing will be favourable. Many factors influence the Company's ability to raise funds, including the state of the resource market and commodities prices, the climate for mineral exploration, the Company's track record and the experience and caliber of its management.

The Company has reduced its exploration costs and believes it currently has sufficient financial resources to meet its administrative overhead expenses for the next twelve months. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activity and foreign exchange fluctuations. The Company intends to continue to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

The Company paid or accrued $4,500 (May 31, 2008 - $Nil) in accounting fees to a firm in which an officer of the Company is a partner.

Administrative recoveries during the period ended May 31, 2009 of $28,660 (May 31, 2008 - $47,450) are primarily recovered from various companies with certain officers and directors in common.

Transactions with Related Parties - *continued*

Based on time spent, the Company recovered salaries during the period ended May 31, 2009 of $169,664 (May 31, 2008 - $242,736) from companies with certain officers and directors in common. These amounts have been recorded against office, salaries and general expense.

During the period ended May 31, 2009 salaries of $67,500 (May 31, 2008 - $69,000) were paid to two directors of the Company. Included in accounts payable and accrued liabilities is $Nil (May 31, 2008 - $Nil) due to directors, officers, and companies with directors or officers in common.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by all the related parties. Amounts due from related parties are unsecured, non-interest bearing and due on demand.

Outstanding Share Data

The table below presents the Company's common share data as of July 28, 2009.

	Price	Expiry date	Number of common shares
Common shares, issued and outstanding			34,057,984
Securities convertible into common shares			
Warrants			
	$0.10	May 19, 2011	14,701,000
Options	$0.23	September 14, 2010	50,000
	$0.30	September 26, 2011	270,000
	$0.32	January 24, 2012	50,000
	$0.30	April 16, 2012	35,000
	$0.28	June 6, 2012	10,000
	$0.21	January 4, 2013	305,000
	$0.22	February 28, 2013	10,000
	$0.15	June 13, 2013	110,000
	$0.12	July 31, 2013	20,000
	$0.15	February 9, 2014	485,000
			50,103,984

During the three month period ended May 31, 2009, the Company issued 397,714 shares to Fresnillo for total cash proceeds of $23,863 in conjunction with the terms of the La India joint venture agreement.

Outstanding Share Data - *continued*

Private Placements

During the period ended May 31, 2009, the Company closed a non-brokered private placement with the issuance of 13,070,000 units at a price of $0.05 per unit for gross proceeds of $653,500. Each unit is comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire one common share of the Company for 24 months from the closing date at a price of $0.10 for the 12 months immediately following the closing date and $0.20 thereafter. The Company allocated $468,747 to the common shares and $184,753 to the share purchase warrants based upon the relative fair values.

The warrants will be subject to an accelerated exercise provision if the share price of the Company trades at or above $0.35 for 10 or more consecutive trading days. Net proceeds of this private placement will be used to further the Company's exploration projects, fund possible new acquisitions and for general working capital.

The common shares issued and the common shares underlying the warrants are subject to a four month hold period that expires on September 20, 2009

Warrants

The Company issued 815,500 brokers units and 815,500 broker warrants, with similar terms as the private placement, as finder's fees. The Company allocated $29,247 to the common shares and $11,528 to the share purchase warrants based upon the warrants relative fair values. The broker's warrants had a fair value of $16,071.

Stock options

During the period ended May 31, 2009 a total value of $5,744 (May 31, 2008 - $5,589) has been recorded to contributed surplus and to stock-based compensation expense. The portion of stock-based compensation recorded is based on the vesting schedule of the options.

Changes in Accounting Policies

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA approved EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. The Company has evaluated the new section and determined that adoption of these new requirements will have no impact on the Company's consolidated financial statements.

Goodwill and Intangible Assets

Effective March 1, 2009, the Company adopted CICA HB Section 3064, Goodwill and Intangible Assets ("Section 3064"), which replaces HB Section 3062, Goodwill and Other Intangible Assets ("Section 3062") and HB Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. HB Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in the previous HB Section 3062. The Company has evaluated the new section and determined that adoption of these new requirements will have no impact on the Company's consolidated financial statements.

Mining exploration costs

On March 27, 2009, the CICA approved EIC-174 "Mining Exploration Costs." This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company has evaluated the new section and determined that adoption of these new requirements will have no impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

International financial reporting standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of March 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended February 28, 2011. In July 2008, the AcSB announced that early adoption will be allowed in 2009 subject to seeking and obtaining exemptive relief. The Company is currently assessing the financial reporting impact of the transition to IFRS and the changeover date.

Recent Accounting Pronouncements Not Yet Adopted - continued

International financial reporting standards – continued

The Company has appointed a project manager to lead the conversion to IFRS. The project manager is working with other members of the finance group to develop and execute an implementation plan. An initial diagnostic review of significant IFRS differences is currently underway to identify the key areas which are likely to be impacted by accounting policy changes. After which, the Company will perform a more detailed review of the impact of IFRS on the Company's consolidated financial statements and other areas of the Company. Any changes required to systems and controls will be identified as the project progresses.

Draft financial statements and disclosure information will be prepared for each quarter in 2010 and reporting under IFRS will commence in the first quarter of 2011. While the Company has begun assessing the adoption of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Business combinations

In October 2008, the CICA issued Handbook Section 1582, Business Combinations, which establishes new standards for accounting for business combinations. This is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The Company is considering early adoption to coincide with the adoption of International Financial Reporting Standards. This adoption is not expected to have an impact on the Company's financial position, earnings or cash flows.

Non-controlling interest

In October 2008, the CICA issued Handbook Section 1602, Non-controlling Interests, to provide guidance on accounting for non-controlling interests subsequent to a business combination. The section is effective for fiscal years beginning on or after January 2011. This adoption is not expected to have an impact on the Company's financial position, earnings or cash flows.

Financial Instruments

The Company's financial instruments consist of cash, short-term investments, short-term deposits, receivables, due from related parties, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, foreign exchange, commodity price or credit risks arising from the financial instruments. The Company may be exposed to liquidity risk such that the Company may not be able to meet its obligations as they fall due. The Company manages this risk by forecasting anticipated investing and financing activities.

Management of Financial Risk

The Company’s financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Sensitivity analysis

The Company’s financial instruments consist of cash and cash equivalents, short term deposits, receivables, due from related parties, short-term investments, accounts payable and accrued liabilities.

The Company has classified its cash and cash equivalents as held-for-trading, and are measured at fair value. Receivables and due from related parties are designated as “loans and receivables” and are measured at amortized cost. Short term investments are designated as available for sale and are measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost.

As at May 31, 2009, the carrying amount of accounts receivable and payable equals fair market value. Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

- Cash and cash equivalents include deposits which are at variable interest rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by $6,254
- Price risk is remote since the Company is currently not a producing entity.

Foreign currency risk

The Company is primarily exposed to currency fluctuations relative to the Canadian dollar through expenditures that are denominated in US dollars and Mexican pesos. Also, the Company is exposed to the impact of currency fluctuations on its monetary assets and liabilities.

The operating results and the financial position of the Company are reported in Canadian dollars. Fluctuations in the US/Canadian dollar exchange rate will, consequently, have an impact upon the reported operations of the Company and may affect the value of the Company’s assets and liabilities.

The Company currently does not enter into financial instruments to manage foreign exchange risk.

Interest rate and credit risk

The Company has significant cash balances and no interest-bearing debt. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

The Company is exposed to credit risk in the amount of its receivables and amounts due from related parties. Receivables are primarily amounts due from government agencies and are unsecured and non-interest bearing. Amounts due from related parties are recoveries for administrative services provided to companies with certain officers and directors in common, such amounts are based on time spent, unsecured, non-interest bearing and due on demand. Management believes that the credit risk concentration with respect to receivables is remote.

Management of financial risk - *continued*

The Company is exposed to foreign currency risk through the following financial assets and liabilities denominated in currencies other than Canadian dollars:

May 31, 2009	Cash and cash equivalents	Receivables	Accounts payable and accrued liabilities
US dollar	$ 193,006	$ 10,968	$ 7,025
Mexican peso	43,685	34,303	2,331
	$ 236,691	$ 45,271	$ 9,356

February 28, 2009	Cash and cash equivalents	Receivables	Accounts payable and accrued liabilities
US dollar	$ 29,475	$ -	$ 13,356
Mexican peso	6,143	38,232	99
	$ 35,618	$ 38,232	$ 13,455

At May 31, 2009 with other variables unchanged, a +/-10% change in exchange rates would increase/decrease pre-tax loss by +/- $29,132

Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at May 31, 2009, the Company had a cash and cash equivalents and short term deposits balance of $1,087,632 (February 28, 2009 - $476,630) to settle current liabilities of $96,468 (February 28, 2009 - $87,690).

Commodity Price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of gold and silver. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Equity market risk

The Company is exposed to equity price risk arising from marketable securities. Marketable securities are classified as available for sale. The Company intends to liquidate the marketable securities when market conditions are conducive to a sale of these securities. At May 31, 2009 with other variables unchanged, a +/-10% change in equity prices would increase/decrease pre-tax earnings by +/- $1,327.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents, receivables, short-term investments and deposits, due from related parties and investment tax credit receivable balances.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration and development plans and operations through its current operating period.

Forward-Looking Information

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, permitting risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual financial statements which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning Northair's general and administrative expenses and resource property costs is provided in the Company's audited Consolidated Statement of Loss and Deficit and the Consolidated Schedule of Resource Property Costs contained in its Audited Consolidated Financial Statements for February 28, 2009 and February 29, 2008 that is available on Northair's website at www.northair.com/Northair/ or on its SEDAR Page Site accessed through www.sedar.com

Approval

The Board of Directors of Northair has approved the disclosure contained in this interim MD&A. A copy of this interim MD&A will be provided to anyone who requests it.

Additional Information

Additional information relating to Northair, including the Company's Annual Information Form is on SEDAR at www.sedar.com